Stock Code: 6108

The annual report is available at these websites:

◆**Market Observation Post System:**

http://mops.twse.com.tw

◆**The Company's website:**

http://www.apcb.com.tw

APCB INC.

2023 Annual Report

Printed on May 10, 2024

I. Names, titles, telephone numbers and e-mail addresses of spokespersons and deputy spokespersons
Spokesperson: Tsai, Cheng-Hung
Title: head of finance division
Telephone: (02)2683-2626
E-mail: em@apcb.com.tw
Deputy spokesperson:Peng, Chien-Tang
Title: deputy general manager
Telephone: (02)2683-2626
E-mail: claude@apcb.com.tw

II. Addresses and telephone numbers of headquarters and factories
Address of headquarters and Junying Factory: No. 6, Ln. 84, Junying St., Shulin Dist., New Taipei City
Telephone: (02)2683-2626
Address of Guangwu Factory: No. 2, Ln. 36, Guangwu St., Shulin Dist., New Taipei City
Telephone: (02)2683-2626

III. Name, address, website and telephone of stock transfer agent
Name: Stock Agency Department of KGI Securities Co., Ltd.
Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Taipei City
Website: http://www.kgi.com.tw
Telephone: (02)2389-2999

IV. Names of attesting CPAs, and name, address, website and telephone number of CPA firm for the latest year
CPAs: Jhao, Min-Ru and Lu, Li-Li
CPA firm: KPMG
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Website: http://www.kpmg.com.tw
Telephone: (02)8101-6666

V. Name of any exchanges where the Company’s securities are traded offshore, and method by which to access information on said offshore securities: None.

VI. Website: http://www.apcb.com.tw

Contents

Page

I. Report to the Shareholders
1. Operating results of 2023 1
2. Summary of 2024 business plan 2

II. Company Profile
1. Date of establishment 4
2. Company history 4

III. Corporate Governance Report
1. Organizational system 7
2. Information on the Company's directors, supervisors, general manager, deputy general managers, associates, and supervisors of all the Company's divisions and branches 9
3. Remuneration to directors, supervisors, general manager and deputy general managers in the latest year 14
4. Implementation of corporate governance 19
5. Information on the professional fees of the attesting CPAs 56
6. Information on replacement of CPAs 57
7. The Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters in the latest year held a position at the CPA firm of its CPA or at an affiliated enterprise of such accounting firm 58
8. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent year or during the current year up to the date of publication of the annual report 58
9. Relationship information, if among the company's 10 largest shareholders any one is a related party, a spouse or a relative within the second degree of kinship of another 59
10. Total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company 60

IV. Capital Raising Status
1. Capital and shares 61
2. Status of corporate bonds 67
3. Status of preferred Shares 67
4. Status of global depositary receipts 67
5. Status of employee stock option plan 67
6. Status of employee restricted shares 67
7. Status of new share issuance in connection with mergers and acquisitions 67
8. Funding plans and implementation 67

V. Overview of Operations
1. Description of business ··· 68
2. Market and sales overview ··· 74
3. Human resources ··· 81
4. Environmental protection expenditure ··· 82
5. Labor relations ··· 82
6. Cyber security management ··· 88
7. Important contracts ··· 89
VI. Overview of financial status
1. Condensed balance sheets and statements of comprehensive income for the latest five years ··· 90
2. Financial analyses for the latest five years ··· 95
3. Audit Committee Report for the latest year ··· 99
4. Financial statement for the latest year ··· 100
5. Parent company only financial statements for the latest year, certified by CPAs169
6. If the Company or its affiliates have experienced financial difficulties in the latest year or during the current year up to the date of publication of the annual report, how said difficulties will affect the company's financial situation ··· 247
VII. Review and analysis of the Company's financial position and financial performance, and risks
1. Financial position ··· 248
2. Financial performance ··· 249
3. Cash flow ··· 250
4. Effect upon financial operations of any major capital expenditures during the latest year ··· 250
5. Investment policy for the latest year, the main reasons for the profits/losses generated thereby, the plan for improving investment profitability, and investment plans for the coming year ··· 250
6. Risk analysis and evaluation ··· 251
7. Organizational structure of risk management ··· 256
8. Other important matters ··· 257
VIII. Special Disclosure
1. Information on affiliates ··· 258
2. Private placement of securities during the latest year or during the current year up to the date of publication of the annual report ··· 263
3. Holding or disposal of shares in the Company by the subsidiaries during the latest year or during the current year up to the date of publication of the annual report ··· 263
4. Other matters that require additional description ··· 263
5. Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, occurred during the latest year or during the current year up to the date of publication of the annual report ··· 263

I. Report to the shareholders

Dear Shareholders:

As the COVID-19 pandemic ebbed in 2023, relevant restrictions in Mainland China were gradually lifted. The sudden massive defaults of Chinese property companies again loomed the signal of economic recovery after the reopening, not to mention the peaking inflation rate in the U.S. As a result, the consumer electronics market in 2023 remained at the valley of an economic downturn.

The Company's standalone operating revenue for 2023 was NT$1,280,685 thousand with a gross loss of NT$35,284 thousand. In comparison with 2022, the operating revenue and gross loss decreased by 10.75% and 67.28%, respectively. The decreased operating revenue was a result of poor demand for consumer electronics, leading to a slide of the revenue from NB CAM module boards and SMD LED boards. On the other hand, the gross loss has been eased by the austerity measures taken on costs, expenses and labor, so, despite the declined revenue, the gross loss decreased from the previous year.

The Company's 2023 consolidated operating revenue was NT$5,950,962 thousand and consolidated gross profit was NT$580,802 thousand, a 14.44% decrease and a 13.79% increase from the last year, respectively. Of the entities included in the consolidated financial statements other than the Company, the operating revenues of APCB (Kunshan), a subsidiary in Mainland China, and APCB (Thailand), a subsidiary in Thailand, were down by 11.81% and 21.37% from the last year, respectively; in terms of the consolidated gross profit, APCB (Thailand) saw a decrease of 0.82% whereas both the Company and APCB (Kunshan) experienced a growth from the previous year.

Looking ahead to 2024, following the interest rate hike in the U.S., the annual inflation growth rate has been under control and showed a downward trend while the construction of AI data centers is booming and cutting edge AI products have started to make their debut. We can expect a series of introductions of AI PCs, notebooks and smartphones by various brands, which will inject much energy to the recovery of consumer electronics market, in the second half of the year.

1. Operating results for 2023

(1) Outcome of business plans

Unit: NT$ thousands

Year / Items	2022	2023	Variance Ratio
Operating revenue	6,954,943	5,950,962	-14.44%
Operating costs	6,444,508	5,370,160	-16.67%
Operating Income	510,435	580,802	13.79%
Operating expenses	653,137	650,848	-0.35%
Operating net income (losses)	-142,702	-70,046	-50.91%
Non-operating revenue and expenses	176,482	149,340	-15.38%
Net income (losses) before tax	33,780	79,294	134.74%
Net income (losses) of the period	34,874	54,307	55.72%

(2) Analysis of revenue, expenditures, and profitability

Items \ Year		2022	2023
Financial Structure	Debt to asset ratio	58.70%	59.96%
	Long-term funds to property, plant and equipment ratio	183.15%	204.15%
Profitability	Return on assets	1.29%	1.56%
	Return on Equity	0.97%	1.51%
	Profit before tax to paid-in capital ratio	2.11%	4.96%
	Profit margin	0.50%	0.91%
	Earnings per share	$0.22	$0.34

(3) Budget implementation: The Company did not publish its financial forecast for 2023, so it is not applicable.

(4) Research and Development: In addition to the development of products and technology that meet the market demand requested by its customers, the Company continues to advance its innovation in new camera modules and SMD LED environmental sensors, and at the same time aims at the research and development of heavy copper products for high-power industrial power supply units, power IC copper subtracts, high-speed transmission products and special automotive products.

2. Summary of 2024 business plan

(1) Guideline for management

In addition to strengthening the operation and strictly controlling the cost, the Company also aims to improve product quality through process management. Furthermore, the Company will enhance its research and development and enter the market for high-end products in order to raise profitability, thereby strengthening its competitiveness in the market.

(2) Expected sales volume and its basis

Currently, the Company has three production bases in Taiwan, China (Kunshan) and Thailand, and the current production capacity is as follows:

1. APCB: The monthly production capacity is about 220 thousand square feet.
2. APCB (Kunshan) : The monthly production capacity is about 1.4 million square feet.
3. APCB (Thailand) : The monthly production capacity is about 1.05 million square feet.

(3) Production and sales policies

1. To continuously improve the technology level, to process capability and quality yield and to control the production cost.

2. To provide satisfactory service for customers and to establish a long-term close cooperation relationship with them.
3. To enhance marketing development and to grasp global business opportunities.
4. To develop specialized processed products and to increase product value

Chairman:	Manager:	Accounting Supervisor:
Tsao, Yueh-Hsia	Lai, Chin-Tsai	Tsai, Cheng-Hung

II. Company Profile

1. Date of establishment: December 8, 1981

2. Company history

August 1981	The Company was officially established in Sanchong City with a paid-in capital of $1 million.
December 1987	The Company's annual revenue exceeded $100 million.
August 1988	The Company transformed from a limited company to a company limited by shares.
November 1988	The Company's facility was relocated from Sanchong City to its current location, namely Shulin City.
December 1996	The Company's annual revenue exceeded $500 million.
March 1997	The clean room of dry film was established.
June 1999	The reapplication for the public offering was approved by the Securities and Futures Institute.
June 1999	The Company received the international environmental certification—RWTUV ISO 14001.
October 1999	The Guangwu factory was officially completed and opened.
September 2000	The OTC application was submitted for review.
November 2000	The Company's shares were granted for auditing by TPEx.
March 2001	The Company's shares were granted to be listed on TPEx.
August 2001	The Company's shares were public offering on TPEx, and the Stock Code is 6108.
September 2001	The Company had established a 100% owned subsidiary, namely APCB International Co., Ltd., and it established the sub-subsidiary, namely APCB Technology Co., Ltd.
November 2001	The Company invested in APCB Electronics (Shenzhen) Co., Ltd. in Mainland China through an existing company established in a third region.
February 2003	The Company received the international quality system certification—RWTUV ISO/TS 16949:1999.
October 2004	The Company received the international quality system certification—RWTUV ISO/TS 16949:2002.
March 2005	The flexible PCB production line was set up.
February 2006	The Company invested to set up in APCB Electronics (Kunshan) Co., Ltd. in Mainland China through an existing company established in a third region.

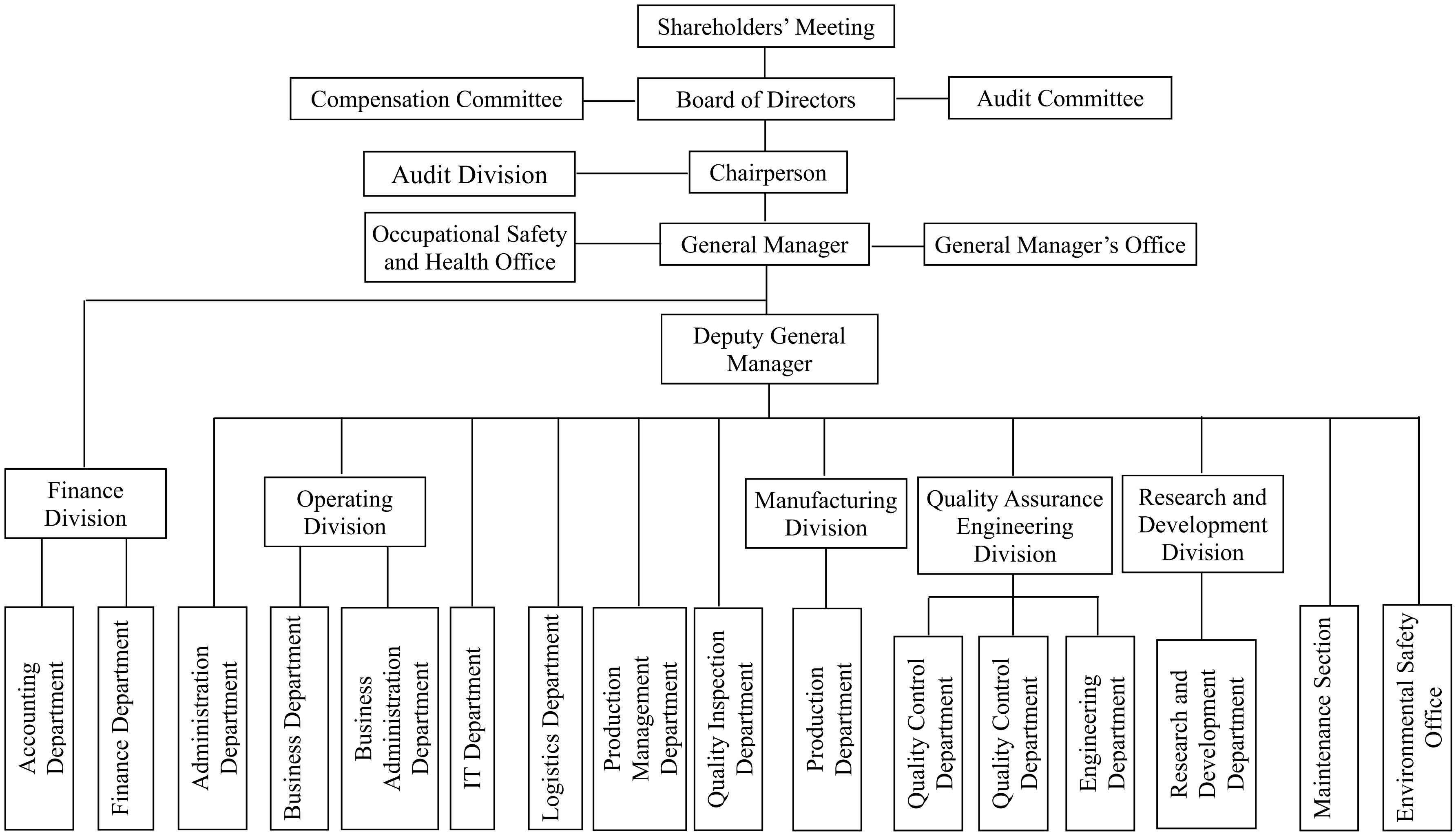
June 2007	The subsidiary, APCB International Co., Ltd., disposed of its shares in APCB Technology Co., Ltd. and indirectly sold its shares in Palwonn Electrics Company.
November 2008	The Company's shares were granted to be listed on TWSE.
30 December 2008	The Company's shares were public offering on TWSE.
April 2009	The Company invested to set up NEW DAY Limited through APCB International Co., Ltd.
April 2009	The Company invested to set up AMPLE RIGHT International Limited through U-PEAK Ltd.
May 2009	The Company invested to set up Kunshan Jing Kun Electronics Co., Ltd. through APCB Electronics (Kunshan) Co., Ltd.
June 2009	The subsidiary, U-PEAK Ltd. liquidated its investee company, ENRIQUE Co., Ltd.
January 2010	The Company invested to set up Kunshan Gao Duo Electronics Co., Ltd. in Mainland China through an existing company established in a third region.
July 2010	The Company invested to set up APCB Capital Limited through APCB International Co., Ltd.
August 2010	The Company acquired 100% of the shares of CKL Electronics Co., Ltd. in Thailand through an existing company established in a third region.
September 2010	The investee company, CKL Electronics Co., Ltd., changed its name to APCB Electronics (Thailand) Co., Ltd.
April 2011	The Company invested to set up PROSPER PLUS LIMITED through U-PEAK Ltd.
September 2011	Kunshan Jing Kun Electronics Co., Ltd., the company invested through APCB Electronics (Kunshan) Co., Ltd., was deregistered.
October 2011	The investee company, APCB Electronics (Thailand) Co., Ltd. was impacted by flood, which caused damage to the facilities, equipment and inventory, thus halting production.
February 2012	The investee company, APCB Electronics (Thailand) Co., Ltd. had cleaned the facilities and purchased new machinery and equipment, and then resumed production.
November 2012	The Company received the GHG inventory verification—TUV ISO 14064-1:2006 at the first time.
December 2013	The investee company, APCB Electronics (Thailand) Co., Ltd., expanded its monthly production capacity to 1.05 million square feet.
December 2014	The Company's consolidated revenue for 2014 was NT$8,958,933

	thousand, which was a record high over the years.
January 2015	The investee company, APCB Electronics (Thailand) Co., Ltd. was impacted by fire, which caused damage to part of the machines and inventory, thus halting production.
October 2015	The investee company, APCB Electronics (Thailand) Co., Ltd. had cleaned the facilities and purchased new machinery and equipment, and then resumed production.
September 2017	The investee company, APCB Electronics (Thailand) Co., Ltd., became Continental VDA6.3 certified.
October 2017	The Company received the international quality system certification—TUV NORD IATF 16949:2016.
April 2018	The Company invested to establish a 100% owned subsidiary—Red Noble Limited.
August 2018	The Company reinvested to establish Green Elite Limited and Smart Explorer Limited through Red Noble Limited.
December 2018	APCB Electronics (Kunshan) Co., Ltd. received AWS Water Stewardship Certification.
July 2019	The Company received the occupational health and safety management system certification —ETC ISO 45001:2018
July 2019	The Company received the occupational health and safety management system certification —ETC OHSAS 18001:2007
November 2019	The Company received the environmental management system certification—ETC ISO 14001:2015
August 2020	The subsidiary, U-PEAK Ltd., liquidated its investee company, Ample Right International Limited.
December 2021	The Company's consolidated operating revenue for 2021 reached a new record high of NT$9,104,032 thousand.
March 2022	The subsidiary, U-PEAK Ltd., liquidated its investee company, MAXFIRST Limited.

III. Corporate Governance Report

1. Organizational system

(1) Organizational structure



(2) Tasks of major departments

Name of department	Tasks
General Manager's Office	Research and formulation for the Company's operations, decisions and management
Audit Division	1. Review and evaluation of the adequacy, reasonableness and effectiveness of the Company's internal controls 2. Review and evaluation of the achievement rate of each department's work plan and targets
Operating Division	1. Domestic and overseas market development and sales 2. Accounts receivable management
Finance Division	1. Formulation, implementation and follow-ups of financial planning, fund arrangement and budgeting 2. Accounting handling, and calculation, analysis and control of production costs 3. Disclosure and reporting of financial statements and stock-related information
Quality Assurance Engineering Division	1. Handling of customer complaints and data analysis 2. Formulation, implementation and promotion of quality system 3. Quality inspection for incoming materials, manufacturing process and shipping 4. Disposal and analysis of scrap 5. Support for product development 6. Formulation of manufacturing process
Manufacturing Division	1. Implementation of production plans and enhancement of processes 2. Process optimization and product yield improvement
Research and Development Division	1. Production and sales of niche products 2. Development of new products 3. Research and development of new processes and sample production
Production Management Department	1. Order scheduling and production progress control 2. Raw material warehouse management
Quality Inspection Department	Quality inspection and control of products
Logistic Department	Procurement of raw materials and equipment
IT Department	Evaluation, planning, development and maintenance of MIS related software and hardwares
Administration Department	1. Human resources, general affairs, payroll system, equipment engineering, contracting and procurement 2. Human resources planning and training
Environmental Safety Office	1. Environmental safety operations and environmental pollution prevention planning 2. Operation and maintenance of environmental protection machines
Occupational Safety and Health Office	Occupational disaster prevention, and worker safety and health protection
Maintenance Section	Repair and maintenance of machinery and equipment

2. Information on the Company's directors, supervisors, general manager, deputy general managers, associates, and supervisors of all the Company's divisions and branches

(1) Directors and supervisors

Information on directors and supervisors (I)

March 31, 2024

Title	Nationality/ place of incorporation	Name	Gender age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Principal work experience and educational record	Current positions at the company and other companies	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relation	
Chairperson	R.O.C.	Tsao, Yueh-Hsia	Female 71–75	June 23, 2022	3	August 10, 1988	9,924,708	6.21	9,924,708	6.21	10,299,803	6.44	0	-	Educational record: Fu-Hsin Trade & Arts School Work experience: person in charge of Tang Jung Co., Ltd.	Chairperson of I Tzu Investment Co., Ltd. Director of APCB Investment Co., Ltd. Director of Commend Machinery Co., Ltd. Chairperson of APCB Electronics (Kunshan) Co., Ltd (Note) Chairperson of APCB Electronics (Thailand) Co., Ltd. Director of U-PEAK Limited Director of Red Noble Limited	General Manager	Lai, Chin-Tsai	Spouses	Please refer to page 12 (3) for explanation
Director	R.O.C.	Lai, Chin-Tsai	Male 71–75	June 23, 2022	3	December 12, 1998	10,299,803	6.44	10,299,803	6.44	9,924,708	6.21	0	-	Educational record: Shulin Junior High School Work experience: General manager of APCB INC.	General manager of APCB INC. Chairperson of APCB Investment Co., Ltd. Director of I Tzu Investment Co., Ltd. Director of APCB Holdings Co., Ltd. Director of APCB International Co., Ltd. Director of APCB Investment Co., Ltd. Director of APCB Electronics (Kunshan) Co., Ltd. Director of APCB Electronics (Thailand) Co., Ltd. Director of APCB Capital Limited Director of New Day Limited	Chairperson	Tsao, Yueh-Hsia	Spouses	Please refer to page 12 (3) for explanation
Director	R.O.C.	Tai, Shui-Chuan	Male 71–75	June 23, 2022	3	June 3, 2001	420,231	0.26	420,231	0.26	2,928,923	1.83	0	-	Educational record: Fu-Hsin Trade & Arts School Work experience: Shye Feng Name Plate Industrial Co., Ltd.	Chairperson of PIZAZZY International Co., Ltd. Director of GROUP UP Industrial Co., Ltd. Director of GREEN ELITE Limited Director of SMART EXPLORER Limited Director of PROSPER PLUS Limited	-	-	-	
Director	R.O.C.	Lin, Chun-Hao	Male 66-70	June 14, 2023	2	December 12, 1998	488,926	0.31	488,926	0.31	96,468	0.06	0	–	Educational record: Zhongshan School of Medicine, Sun Yat-sen University Work experience: Dazan Hospital	Doctor of Hospital	-	-	-	Elected on June 14, 2023
Independent director	R.O.C.	Tsai, Li-Yun	Female 71–75	June 23, 2022	3	December 31, 2004	0	-	0	-	0	-	0	-	Educational record: Accounting and Statistics Department, Cheng Kung University Work experience: finance officer of Wai Lih Company Limited	Chairperson of Hung Yu Investment Co., Ltd.	-	-	-	-
Independent director	R.O.C.	Chang, Hui	Female 61–65	June 23, 2022	3	June 13, 2008	0	-	0	-	0	-	0	-	Educational record: Master of Business Administration, University of California, Riverside Work experience: audit manager of Taiwan High Speed Rail Co., Ltd.	-	-	-	-	-
Independent director	R.O.C.	Hung, Ju-Mei	Female 61–65	June 23, 2022	3	June 16, 2009	0	-	0	-	0	-	0	-	Educational record: EMBA (Finance), Pacific Western University Work experience: accountant of Tien I Industrial Co., Ltd.	Deputy manager of RUCA Co., Ltd.	-	-	-	-
Independent director	R.O.C.	Lin, Pao-Chu	Female 66-70	June 14, 2023	2	June 14, 2023	0	-	0	-	0	-	0	-	Educational record: National Taiwan University Work experience: CPA of KPMG	Independent Director of CHIA HSIN CEMENT CORPORATION	-	-	-	Elected on June 14, 2023

Major Shareholders of Corporate Shareholders: N/A

If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders: N/A

Information on directors and supervisors (2)

1. Information on professional qualifications of directors and supervisors, and independence of independent directors

Qualification Name	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Tsao, Yueh-Hsia	● For professional qualifications and experience of directors and supervisors, please refer to the information on directors and supervisors on page 9 (1). ● None of the directors and supervisors are a person of any conditions defined in Article 30 of the Company Act.	N/A	0
Lai, Chin-Tsai		N/A	0
Tai, Shui- Chuan		N/A	0
Lin, Chun-Hao		N/A	0
Tsai, Li-Yun		The independence requirements stipulated in Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies are met. (Note)	0
Chang, Hui		The independence requirements stipulated in Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies are met. (Note)	0
Hung, Ju-Mei		The independence requirements stipulated in Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies are met. (Note)	0
Lin, Pao-Chu		The independence requirements stipulated in Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies are met. (Note)	1

Note: None of the following events have occurred during the two years prior to and during the term of office:

(1) An employee of the Company or any of 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 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 an institutional 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 paragraph 1 or 2 of article 27 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 chairperson, general manager, 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 of that company (governor), audit committee member (supervisor), or employee of that other company or institution.
(8) A director, supervisor, 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, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the latest 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof.

2. Diversification and independence of board of directors:

(1) Diversification of board of directors:

The diversification policy for the Company’s board of directors includes, but is not limited to, criteria for selection of directors, professional qualifications which directors should possess, experience, gender, age, nationality and cultural background.

The Company’s current board of directors consists of eight directors, including four independent directors; the board members have extensive experience and expertise in the domains of commerce and management. In addition, the Company also places emphasis on gender equality in the composition of the board of directors. The target percentage of female directors is at least 30%, and currently five are eight directors, four of whom are female, which represents a percentage of 62.5%. The actual status is shown in the table below.

Qualification / Name	Composition				Industry experience			Expertise			
	Nationality	Gender	Age	Employee of the Company	Electronics industry	Biomedicine	Trading	Finance & accounting	Operational management	Marketing	Risk management
Tsao, Yueh-Hsia	R.O.C.	Female	71-75		V			V	V		
Lai, Chin-Tsai	R.O.C.	Male	71-75	V	V				V	V	
Tai, Shui- Chuan	R.O.C.	Male	71-75		V		V		V	V	
Lin, Chun-Hao	R.O.C.	Male	66-70			V			V		V
Tsai, Li-Yun	R.O.C.	Female	71-75			V	V	V	V		
Chang, Hui	R.O.C.	Female	61-65		V			V			V
Hung, Ju-Mei	R.O.C.	Female	61-65		V		V	V			V
Lin, Pao-Chu	R.O.C.	Female	66-70		V		V	V			V

(2) Independence of board of directors:

A. The current board of directors of the Company is composed of eight directors, including four independent directors, representing a ratio of 50%.

B. Regarding provisions stipulated in paragraph 3 & 4 of article 26-3 of the Securities and Exchange Act, the current directors’ compliance is described as follows:

- A spousal relationship and a familial relationship within the second degree of kinship relationships may not exist among more than half of a company’s directors: Two of the current directors have a spousal relationship. Nonetheless, the proportion is less than half; therefore, the requirement is met.
- At least one supervisor seat shall have no spousal relationship or familial relationship within the second degree of kinship with another supervisor or a director: There is no such relationship; therefore, the requirement is met.

C. In 2023, all of the Company’s independent directors were fully represented at the meetings of the board of directors, and they are constantly making suggestions for management.

As a result of the preceding assessment, the Company believes that the current board of directors has independence.

(2) General manager, deputy general manager, associate, heads of departments and branches

March 31, 2023

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Principal work experience and educational record	Concurrent positions at other companies	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relation	
General manager	R.O.C.	Lai, Chin-Tsai	Male	December 12, 1998	10,299,803	6.44	9,924,708	6.21	0	-	Educational record: Shulin Junior High School Work experience: general manager of APCB Inc.	Chairperson of APCB Investment Co., Ltd. Director of I Tzu Investment Co., Ltd. Director of APCB Holdings Co., Ltd. Director of APCB International Co., Ltd. Director of APCB Investment Co., Ltd. Director of APCB (Kunshan) Electronics Co., Ltd (Note) Director of APCB Electronics (Thailand) Co., Ltd. Director of APCB Capital Ltd. Director of New Day Limited	Chairperson	Tsao, Yueh-Hsia	Spouse	Please refer to page 12 (3) for explanation
Deputy General Manager	R.O.C.	Peng, Chien-Tang	Male	April 14, 2010	0	-	0	-	0	-	Educational record: Department of Chemical Engineering, Chung Yuan Christian University Work experience: assistant manager of Printed Wire Corporation	None	-	-	-	-
Head of quality assurance engineering division	R.O.C.	Wang, Sheng-Hua	Male	October 15, 2015	0	-	0	-	0	-	Educational record: Graduate Institute of Chemistry, Taiwan University Work experience: assistant manager of engineering department of ABONMAX Co., Ltd.	None	-	-	-	-
Head of manufacturing division	R.O.C.	Chu, Hsiao-Hsien	Male	May 7, 2021	697,712	0.44	85,672	0.05	0	-	Educational record: Department of Press and Communication Experience: associate of APCB (Kunshan) Electronics Co., Ltd.	None	-	-	-	-
Head of audit division	R.O.C.	Wu, Hui-Chuan	Female	April 1, 2010	0	-	0	-	0	-	Educational record: Accounting and Statistics Department, National Taipei College of Business Work experience: accountant of Kwo Ger Metal Technology Inc.	None	-	-	-	-
Head of finance division	R.O.C.	Tsai, Cheng-Hung	Male	April 1, 2011	30,410	0.02	0	-	0	-	Educational record: Accounting and Statistics Department, Tamsui Commercial Industrial College Work experience: assistant manager of finance department of Chien Feng Construction Co., Ltd.	None	-	-	-	-

(3) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto

The Company's Chairperson (Mrs. Tsao, Yueh-Hsia) and General Manager (Mr. Lai Chin-Tsai) are spouses of each other, as the Company was established with their joint capital. With their expertise in printed circuit boards, they have long operated and led the Company with dedication and commitment, and they endeavor to maintain the competitive advantages of the Company and protect the interests of shareholders. In light of the corporate governance requirements, the number of independent directors will be increased in next election, and the majority of the directors shall not be employees or managers, so that the board of directors can operate more independently in the future.

3. Remuneration to directors, supervisors, general manager and deputy general managers in the latest year

(1) Remuneration to directors

Unit: NTD thousand

Title	Name	Remuneration to directors: Base remuneration (A) (Note1)		Pensions (B) (Note 2)		Remuneration to directors (C) (Note 3)		Business allowance (D) (Note 4)		Total and Ratio of (A+B+C+D) to net income after tax (Note 7)		Relevant remuneration received by directors who are also employees: Salary, bonuses, and allowances (E) (Note 5)		Pensions (F) (Note 2)		Employee remuneration (G) (Note 6)				Total of first seven items (A+B+C+D+E+F+G) and ratio of net income after tax (Note 7)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company: Cash Amount	The Company: Stock Amount	All the companies included in the financial report: Cash Amount	All the companies included in the financial report: Stock Amount	The Company	All the companies included in the financial report	
Chairperson	Tsao, Yueh-Hsia	0	0	0	0	608	608	25	25	633/1.17%	633/1.17%	2,356	2,356	0	0	0	0	0	0	2,989/5.50%	2,989/5.50%	0
Director	Lai, Chin-Tsai	0	0	0	0	550	550	25	25	575/1.06%	575/1.06%	2,592	2,592	135	135	51	0	51	0	3,353/6.17%	3,353/6.17%	0
Director	Tai, Shui-Chuan	0	0	0	0	400	400	20	20	420/0.77%	420/0.77%	0	0	0	0	0	0	0	0	420/0.77%	420/0.77%	0
Director	Lin, Chun-Hao	0	0	0	0	200	200	15	15	215/0.40%	215/0.40%	0	0	0	0	0	0	0	0	215/0.40%	215/0.40%	0
Independent director	Tsai, Li-Yun	0	0	0	0	300	300	25	25	325/0.60%	325/0.60%	0	0	0	0	0	0	0	0	325/0.60%	325/0.60%	0
Independent director	Chang, Hui	0	0	0	0	300	300	25	25	325/0.60%	325/0.60%	0	0	0	0	0	0	0	0	325/0.60%	325/0.60%	0
Independent director	Hung, Ju-Mei	0	0	0	0	300	300	25	25	325/0.60%	325/0.60%	0	0	0	0	0	0	0	0	325/0.60%	325/0.60%	0
Independent director	Lin, Pao-Chu	0	0	0	0	200	200	15	15	215/0.40%	215/0.40%	0	0	0	0	0	0	0	0	215/0.40%	215/0.40%	0

Range of remuneration to the Company's directors	Names of directors: Total of the first four remuneration items (A+B+C+D)		Total of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report
Less than NT$1,000,000	Tsao, Yueh-Hsia and Lai, Chin-Tsai Tai, Shui- Chuan and Lin, Chun-Hao Tsai, Li-Yun and Chang, Hui Hung, Ju-Mei and Lin, Pao-Chu	Tsao, Yueh-Hsia and Lai, Chin-Tsai Tai, Shui- Chuan and Lin, Chun-Hao Tsai, Li-Yun and Chang, Hui Hung, Ju-Mei and Lin, Pao-Chu	Tai, Shui- Chuan and Lin, Chun-Hao Tsai, Li-Yun and Chang, Hui Hung, Ju-Mei and Lin, Pao-Chu	Tai, Shui- Chuan and Lin, Chun-Hao Tsai, Li-Yun and Chang, Hui Hung, Ju-Mei and Lin, Pao-Chu
$1,000,000 (inclusive)–$2,000,000 (exclusive)				
$2,000,000 (inclusive)–$3,500,000 (exclusive)			Tsao, Yueh-Hsia and Lai, Chin-Tsai	Tsao, Yueh-Hsia and Lai, Chin-Tsai
$3,500,000 (inclusive)–$5,000,000 (exclusive)				
$5,000,000 (inclusive)–$10,000,000 (exclusive)				
$10,000,000 (inclusive)–$15,000,000 (exclusive)				
$15,000,000 (inclusive)–$30,000,000 (exclusive)				
$30,000,000 (inclusive)–$50,000,000 (exclusive)				
$50,000,000 (inclusive)–$100,000,000 (exclusive)				
Over $100,000,000				
Total	8 persons	8 persons	8 persons	8 persons

Note 1: The amounts are remuneration to directors in the latest year (including directors' salary, duty allowance, severance, various bonuses, and incentives)
Note 2: The actual amount of pension paid during 2023 is 0. The amount recognized or appropriated as pension expense is NT$135 thousand.
Note 3: The amounts are the directors' remuneration approved by the board of directors in the latest year.
Note 4: The amounts are business allowance (including travel expenses, special disbursements, allowances, accommodation, company car, other physical items, and other remuneration) paid to the directors in the latest year.
Note 5: The amounts are salary, duty allowance, severance, various bonuses, incentive, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, and other remuneration to the directors who double as the employees (Including those who double as general manager, deputy general manager, other manager or employee) in the latest year.
The salaries recognized in accordance with IFRS 2 "share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.
Note 6: The amounts are employee remuneration (including stock and cash) approved by the board of directors for the directors who double as the employees (including those who double as general manager, deputy general manager, other managers or employee) in the latest year. If the amount of employee remuneration cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed in the previous year.
Note 7: The net income after-tax refers to the net income after tax in the parent company only financial statements for the latest year.
Note 8: Please specify directors and independent directors' remuneration policies, system, standards and structure, as well as the linkage to responsibilities, risks and time spent: Please refer to page 16 (6) for explanation.

(2) Remuneration to Supervisor: N/A

(3) Remuneration to general manager and deputy general manager

Unit: NTD thousand

Title	Name	Salary (A) (Note 1)		Pensions (B) (Note 2)		Bonuses, and allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Total and Ratio of (A+B+C+D) to net income after tax (Note 5)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company		All the companies included in the financial report		The Company	All the companies included in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General manager	Lai, Chin-Tsai	2,242	2,242	135	135	350	350	51	0	51	0	2,778 5.12%	2,778 5.12%	0
Deputy general manager	Peng, Chien-Tang	2,015	2,015	121	121	320	320	200	0	200	0	2,656 4.89%	2,656 4.89%	0

Range of remuneration to the Company's general manager and deputy general manager	Names of general manger and deputy general manger	
	The Company	All the companies included in the financial report
Less than NT$1,000,000		
$1,000,000 (inclusive)–$2,000,000 (exclusive)		
$2,000,000 (inclusive)–$3,500,000 (exclusive)	Lai, Chin-Tsai and Peng, Chien-Tang	Lai, Chin-Tsai and Peng, Chien-Tang
$3,500,000 (inclusive)–$5,000,000 (exclusive)		
$5,000,000 (inclusive)–$10,000,000 (exclusive)		
$10,000,000 (inclusive)–$15,000,000 (exclusive)		
$15,000,000 (inclusive)–$30,000,000 (exclusive)		
$30,000,000 (inclusive)–$50,000,000 (exclusive)		
$50,000,000 (inclusive)–$100,000,000 (exclusive)		
Over $100,000,000		
Total	2 persons	2 persons

Note 1: The amounts are the salary, duty allowance and severance to general manager and deputy general manager.
Note 2: The actual amount of pension paid during 2023 is 0. The amount recognized or appropriated as pension expense is NT$256 thousand.
Note 3: Refers to the remuneration paid to the general manager and deputy general manager, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, and other compensations. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.
Note 4: The amounts are employee remuneration (including stock and cash) approved by the board of directors for general manager and deputy general manager in the latest year. If the amount of employee remuneration cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed in the previous year.
Note 5: The net income after-tax refers to the net income after tax in the parent company only financial statements for the latest year.

(4) If the circumstance in subparagraph 2-1 or 2-5 of paragraph 3 of article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel

Unit: NTD thousand

Title	Name	Salary (A) (Note 1)		Pensions (B) (Note 2)		Bonuses, and allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Total and Ratio of (A+B+C+D) to net income after tax (Note 5)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company		All the companies included in the financial report		The Company	All the companies included in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General manager	Lai, Chin-Tsai	2,242	2,242	135	135	350	350	51	0	51	0	2,778 5.12%	2,778 5.12%	0
Deputy general manager	Peng, Chien-Tang	2,015	2,015	121	121	320	320	200	0	200	0	2,656 4.89%	2,656 4.89%	0
Head of finance division	Tsai, Cheng-Hung	1,260	1,260	76	76	215	215	150	0	150	0	1,701 3.13%	1,701 3.13%	0
Head of audit division	Wu, Hui-Chuan	1,260	1,260	76	76	215	215	150	0	150	0	1,701 3.13%	1,701 3.13%	0
Head of quality assurance engineering division	Wang, Sheng-Hua	1,200	1,200	72	72	195	195	120	0	120	0	1,587 2.92%	1,587 2.92%	0

Note 1: The amounts are the salary, duty allowance and severance to general manager and deputy general manager.

Note 2: The actual amount of pension paid during 2023 is 0. The amount recognized or appropriated as pension expense is NT$480 thousand.

Note 3: Refers to the remuneration paid to the general manager and deputy general manager, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, and other compensations. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. The salaries recognized in accordance with IFRS 2 “Share-based Payment,” including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: The amounts are employee remuneration (including stock and cash) approved by the board of directors for general manager and deputy general manager in the latest year. If the amount of employee remuneration cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed in the previous year.

Note 5: The net income after-tax refers to the net income after tax in the parent company only financial statements for the latest year.

(5) Name of managers who received employee remuneration and distribution status

Unit: NTD thousand

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock amount</th><th>Cash amount</th><th>Total</th><th>Proportion of total amount to net profits after tax (%)</th></tr>
<tr><td rowspan="6">Managers</td><td>General manager</td><td>Lai, Chin-Tsai</td><td rowspan="6">0</td><td rowspan="6">791</td><td rowspan="6">791</td><td rowspan="6">1.46%</td></tr>
<tr><td>Deputy general manager</td><td>Peng, Chien-Tang</td></tr>
<tr><td>Head of finance division</td><td>Tsai, Cheng-Hung</td></tr>
<tr><td>Head of audit division</td><td>Wu, Hui-Chuan</td></tr>
<tr><td>Head of manufacturing division</td><td>Chu, Hsiao-Hsien</td></tr>
<tr><td>Head of quality assurance engineering division</td><td>Wang, Sheng-Hua</td></tr>
</table>

Note: The amounts are the undistributed employee remuneration approved by the board of directors in 2024.

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

1. Total remuneration to the Company's directors, supervisors, general managers and deputy general managers as a percentage of net income stated in the parent company only financial reports during the latest two years

Unit: NTD thousand

Year / Item	2022		2023	
	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report
Total remuneration	10,431	10,431	10,822	10,822
Net income stated in the parent company only financial reports	34,874	34,874	54,307	54,307
Percentage of net income	29.91%	29.91%	19.93%	19.93%

2. Policies, standards, and packages of remuneration distribution

Remuneration to directors (including independent directors) and supervisors:

In accordance with the Company's "Regulations on Distribution of Directors' and Supervisors' Remuneration," the remuneration includes directors' travel expenses for their attendance at board meetings and bonus to directors and supervisors based on the profitability of the year.

Remuneration to general manager and deputy general manager:

Remuneration are paid and approved in accordance with the employee remuneration management guidelines of the Company. Annual bonuses and employee bonuses are paid in accordance with the Company's "Regulations Governing the Distribution of Managers' Year-end Bonuses and Employee Bonuses."

3. Procedure for determining remuneration

   Remuneration to directors (including independent directors) and supervisors:

   Bonuses to directors and supervisors shall be appropriated within the limits stipulated in the Company's articles of incorporation. After deliberation and approval by the remuneration committee, the proposal of bonuses shall be submitted to the board of directors for resolution and then reported to the shareholders' meeting pursuant to the law.

   Remuneration to general manager and deputy general manager:

   Remuneration are paid and approved in accordance with the employee remuneration management guidelines of the Company.
   After deliberation and approval by the remuneration committee, the proposal of annual bonuses and employee bonuses shall be submitted to the board of directors for resolution and then reported to the shareholders' meeting pursuant to the law.

4. Linkage to operating performance and future risk exposure

   Remuneration to directors (including independent directors) and supervisors:

   Remuneration may vary based the Company's business performance, financial position, and the level of participation, as well as the potential risk that may occur in the operation in the future.

   Remuneration to general manager and deputy general manager:

   Remuneration may vary based the Company's business performance, financial position, and the level of participation, as well as the potential risk that may occur in the operation in the future.

4. Implementation of corporate governance

(1) Operations of board of directors

1. A total of 5 [A] meetings of the board of directors were held in 2023. The attendance of director and supervisor are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (Note) [B/A]	Remarks
Chairperson	Tsao, Yueh-Hsia	5	0	100%	Reelected on June 23, 2022
Director	Lai, Chin-Tsai	5	0	100%	Reelected on June 23, 2022
Director	Tai, Shui-Chuan	4	0	80%	Reelected on June 23, 2022
Director	Lin, Chun-Hao	3	0	100%	Elected on June 14, 2023
Independent director	Tsai, Li-Yun	5	0	100%	Reelected on June 23, 2022
Independent director	Chang, Hui	5	0	100%	Reelected on June 23, 2022
Independent director	Hung, Ju-Mei	5	0	100%	Reelected on June 23, 2022
Independent director	Lin, Pao-Chu	3	0	100%	Elected on June 14, 2023

Note: Attendance rate in person (%) is calculated based on the number of meetings held by the board of directors and the actual attendance during the terms of the directors.

2. Other mentionable items

(1) If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response shall be specified:

A. Matters referred to in Article 14-3 of the Securities and Exchange Act.

B. Except for the preceding matters, matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.

None.

(2) If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

(3) TWSE/TPEx listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the board of directors, and to fill out “Implementation Status of Board Evaluations”:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	January 1, 2023 ~ December 31, 2023	Evaluation by the entire board of directors	Internal evaluation of board of directors	The evaluation includes the following: level of participation in company operations, quality improvement of board decisions, board composition and structure, appointment of directors and their continuing education, and internal controls.
Once a year	January 1, 2023 ~ December 31, 2023	Evaluation by Individual director	Individual director evaluation	The evaluation includes the following: grasp of company targets and missions, understanding of the director’s role and responsibilities, level of participation in company operations, internal relationship management and communication, director’s specialty and continuing education, and internal controls.
Once a year	January 1, 2023 ~ December 31, 2023	Evaluation of the company’s functional committee as a whole	Internal evaluation of the company’s functional committee	Including participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

(4) Objectives for enhancement of the board of directors' functions in 2023 and 2024 and evaluation of implementation thereof.

A. Improvement of information transparency

The board of directors not only acts in compliance with the laws and regulations, but also sees safeguarding the shareholders' rights and interests and operating transparency as the Company's objectives and responsibilities. After each board meeting, important resolutions made by the board of directors are announced within the time limit in order to realize information transparency.

B. Continuing education of directors and supervisors

In order to encourage the directors and supervisors to further their education, the Company arranges lecturers to give lectures at the Company to meet the requirements of the hours of training for directors and supervisors, thus bringing a better interactive effect.

Continuing education for directors and supervisors in 2023 is described below.

Title	Name	Study date	Organizer	Course Title	Training hours
Chairperson	Tsao, Yueh-Hsia	2023/08/04 2023/11/10	Securities and Futures Institute	1. Global Risk Awareness Opportunities and Challenges for the next decade. 2. Technical development and the business opportunity mode of electric vehicles and intelligent vehicle	6
Director	Lai, Chin-Tsai				6
Director	Tai, Shui-Chuan				6
Director	Lin, Chun-Hao				6
Independent director	Tsai, Li-Yun				6
Independent director	Chang, Hui				6
Independent director	Hung, Ju-Mei				6
Independent director	Lin, Pao-Chu				6

(2) State of operations of audit committee or state of participation in board meetings by supervisors

1. State of operations of audit committee

(1) Members of the Audit Committee

Title	Name	Professional Qualifications and Experience
Independent Director (Convener)	Chang, Hui	Please refer to the Information on the Company's Directors and Supervisor I from Page 9 for the Professional Qualifications and Experience.
Independent Director	Tsai, Li-Yun	
Independent Director	Hung, Ju-Mei	
Independent Director	Lin, Pao-Chu	

(2) Responsibilities of the Audit Committee

The Company's Audit Committee consists of four independent directors. The Audit Committee is primarily engaged in assisting the Board of Directors in its role of overseeing the quality and integrity of the Company's performance of accounting, financial reporting processes and internal controls.

The main issues considered Audit Committee included:

I. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
II. Assessment of the effectiveness of the internal control system.
III. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
IV. A matter bearing on the personal interest of a director.
V. A material asset or derivatives transaction.
VI. A material monetary loan, endorsement, or provision of guarantee.
VII. The offering, issuance, or private placement of any equity-type securities.
VIII. The hiring, dismissal of an attesting CPA, or the compensation given thereto.
IX. The appointment or discharge of a financial, accounting, or internal auditing officer.
X. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
XI. Any other material matter so required by the company or the Competent Authority.

(3) Key operations of Audit Committee

- Review financial reports

  The Board of Directors prepared the 2022 Business Report, Financial Statements, and the Proposal of Earnings Distribution. The CPAs of KPMG have audited the financial statements and issued the audit opinions. The Business Report, Financial Statement, and the Proposal for Earning Distribution have been reviewed and determined to be correct and accurate by the audit committee.

- Assess efficiency of internal control system

  The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, legal compliance and other control measure) and reviewed the audit department and the CPAs of the Company. By referring to Internal Control —Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee concluded that the Company's risk management and internal control systems are effective. The Company has adopted the necessary control system to monitoring and to correct deficiencies.

- Appointment of CPA

  The Audit Committee is empowered to supervise the independence of the CPA as to provide reasonable assurance on the reliability of the financial statements. The CPA may not provide the Company with other services other than those permitted by the Audit Committee.
  To ensure the independence of the CPA, an independence evaluation form was drawn up by the Audit Committee based on Article 47 of the Certified Public Account Act, and the Section on "Integrity, Objectivity, and Independence" in the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 to evaluate the independence, professionalism and suitability of the Certified Public Accountants, and to assess whether they are related parties or with business or financial interest and others with the Company.
  Certified Public Accountant Jhao, Min-Ru and Lu, Li-Li were approved to meet the independence assessment criteria on the 4th Audit Committee of first term on the 24th of March, 2023 and the 5th Board of Directors' Meeting on the 24th of March, 2023, and were qualified to act as the financial and tax accountants of the Company.

(4) The Audit Committee convened 5 times 【A】 in 2023, and the attendance status of independent directors as follows:

Title	Name	Actual Attendance (B)	Proxy	Attendance Rate (%) (Note) (B/A)	Remarks
Independent Director (Convener)	Chang, Hui	5	0	100%	Elected on June 23, 2022
Independent Director	Tsai, Li-Yun	5	0	100%	Elected on June 23, 2022
Independent Director	Hung, Ju-Mei	5	0	100%	Elected on June 23, 2022
Independent Director	Lin, Pao-Chu	3	0	100%	Elected on June 14, 2023

Note: The attendance rate (%) shall be calculated by the number of Audit Committee meetings held during service and the frequency number of attendance in the meetings.

(5) The contents of the motion, resolution and the Company's response to the opinions of the audit committees' members

Date of Meeting	Contents of Motion	Resolution	The company's response to the opinions of the audit committees' members
The 4th meeting of the 1th of March 24, 2023	1. Approval to the motion of 2022 financial statements and consolidated financial statements prepared by the Company and audited by the CPAs 2. Approval of matters related to the 2023 regular shareholders' meeting 3. Approval to the motion of the Company's earnings distribution for 2022 4. Approval of the Company's 2022 bonuses to employees, directors and supervisors 5. Approval of the Company's 2022 statement of internal control system 6. Approval of revision to the Company's internal control system 7. Approval of endorsement/guarantee for subsidiaries	Approved with the consent of all after the chairperson puts the matter to all the members present at the meeting.	Proposed to the Board of Directors and with the consent of all the directors present at the meeting.

	8. Approval of the independence and suitability of the Company's attesting CPAs 9. Approved the replacement of CPAs to cope with the original CPAs Firm.		
The 5th meeting of the 1th of May 4, 2023	1. Report on the Company's consolidated financial statements of Q1 2023 2. Approval of endorsement/guarantee for subsidiaries 3. Approved the review of the company's candidates of directors nominated by the shareholder.	Approved with the consent of all after the chairperson puts the matter to all the members present at the meeting.	Proposed to the Board of Directors and with the consent of all the directors present at the meeting.
The 6th meeting of the 1th of August 4, 2023	1. Report on the Company's consolidated financial statements of Q2 2023 2. Approval to set the record date and distribution date and book closure date for cash dividends 3. Approved the appointment of the members of the Audit Committee and the members of the Remuneration Committee 4. Approval of revision to the Company's internal control system	Approved with the consent of all after the chairperson puts the matter to all the members present at the meeting.	Proposed to the Board of Directors and with the consent of all the directors present at the meeting.
The 7th meeting of the 1th of November 10, 2023	1. Report on the Company's consolidated financial statements of Q3 2023 2. Approval of revision to the Company's internal control system 3. Approval of endorsement/guarantee for subsidiaries	Approved with the consent of all after the chairperson puts the matter to all the members present at the meeting.	Proposed to the Board of Directors and with the consent of all the directors present at the meeting.
The 8th meeting of the 1th of December 15, 2023	1. Approval of the Company's 2024 annual audit plan. 2. Approval of endorsement/guarantee for subsidiaries	Approved with the consent of all after the chairperson puts the matter to all the members present at the meeting.	Proposed to the Board of Directors and with the consent of all the directors present at the meeting.

(6) Other Matters to be Included

A. If any of the following circumstances occur during Audit Committee meetings, the date of said meeting, session number, proposal content, objection opinions, reserved opinions, major suggestions from the independent directors or Audit Committee resolutions and the Company's responses to Audit Committee opinions should be recorded:
   (A) Item listed according to Article 14-5 of the Securities and Exchange Act
   (B) Other Instances apart from the aforementioned matters where the Audit Committee did not approve a proposal, but more than two-third of directors approved said proposal.

   None.

B. Implementation of Independent Director Recusals on Proposals due to Conflicts of Interest, including Independent Director Names, Proposal Content, Reasons for Recusal, and Participation in Voting Procedures: None.

C. Communication Status Between Independent Directors, Chief Internal Auditor, and Certified Public Accountants (CPAs):

Date of Meetings	Independent Director	Certified Public Accountant	Chief Internal Auditor	Communication of Major items	Communication Methods	Results
2023/03/24	Chang, Hui Tsai, Li-Yun Hung, Ju-Mei	Chang, Chun-Yi Jhao, Min-Ru	Wu, Hui-Chuan	Corporate Governance and the New System of Finance and Taxation	Brief Report and Discussion	No Objection
2024/03/08	Chang, Hui Tsai, Li-Yun Hung, Ju-Mei Lin, Pao-Chu	Jhao, Min-Ru	Wu, Hui-Chuan	Corporate Governance and the New System of Finance and Taxation	Brief Report and Discussion	No Objection

2. State of participation in board meetings by supervisors: N/A

(3) State of the Company’s implementation of corporate governance, any deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviations

Evaluation item	Implementation status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?		V	The Company has not yet established its own “Corporate Governance Best-Practice Principles.” Nonetheless, the operation of the board of directors and the internal control system are governed based on the spirit and norms of corporate governance.	This matter will be implemented according to the actual needs or statutory provisions.
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The stock service personnel will act as a contact person for shareholders. For legal issues, a legal advisor will be assigned to handle them.	There have been no significant deviations.
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company maintains good relations with its major shareholders and reports changes in the number of shares held by the insiders monthly on the Market Observation Post System.	There have been no significant deviations.
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		The Company has established regulations to supervise and manage its subsidiaries, and the regulations are enforced in order to properly control risks.	There have been no significant deviations.
(4) Does the company establish internal rules against insiders trading with undisclosed	V		The “Procedures for Handling Material Inside Information” have been established for compliance.	There have been no significant

Evaluation item	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
information?				deviations.
3. Composition and responsibilities of the board of directors				
(1) Does the board of directors develop and implement a diversified policy for the composition of its members?	V		The Company attaches importance to the diversification of its board of directors, which includes, but is not limited to, professional qualifications and experience, gender, age, nationality and culture. The Company's current board of directors consists of eight directors, including four independent directors; the board members have extensive experience and expertise in the domains of commerce and management. In addition, the Company also places emphasis on gender equality in the composition of the board of directors. The target percentage of female directors is at least 30%, and currently there are eight directors, five of whom are female, which represents a percentage of 62.5%. Please refer to page 11 for the implementation status.	There have been no significant deviations.
(2) Does the Company voluntarily establish other functional committees in addition to the remuneration committee and the audit committee?		V	Except for the remuneration committee established pursuant to the law, the Company has not established any other functional committees.	This matter will be implemented according to the actual needs or statutory provisions.
(3) Does the Company establish a standard to measure the performance of the board of directors and implement it annually, and are	V		The Company has established a standard to measure the performance of the board of directors and conduct the performance evaluation of the board of directors every year.	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
performance evaluation results submitted to the board of directors and referenced when determining the remuneration of individual directors and nominations for reelection?			In January 2024, the Company completed the 2023 performance evaluation of the board of directors and board members. In the future, the Company will continue to implement corporate governance and enhance the functions of the board of directors.	
(4) Does the Company regularly evaluate the independence of CPAs?	V		On March 24, 2023, the Company's board of directors evaluated the independence of the attesting CPAs in accordance with the provisions stipulated in articles 46 and 47 of the "Certified Public Accountant Act," and the Company's finance division has conducted a review on the suitability and independence of the attesting CPAs. As of the publication date of the review report, no unsuitable or non-independent factors have been detected. Besides this, None of the attesting CPAs is a related party of the Company, and neither has potential impact on the independence of the attesting CPAs been detected.	There have been no significant deviations.
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and	V		The Company have set up a dedicated corporate governance unit in charge of matters related to corporate governance.	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
producing minutes of board meetings and shareholders' meetings)?				
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handling all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a designated section on its website for stakeholders. Thus, if stakeholders have needs, they can communicate with us by phone, e-mail or correspondence at any time.	There have been no significant deviations.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed stock agency department of KGI Securities Co., Ltd. to act on its behalf in all matters relating to the Company's stock affairs.	There have been no significant deviations.
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company's website has sections for information referable to finance, business and corporate governance, which are updated regularly or sporadically.	There have been nosignificant deviations.
(2) Does the Company have other information disclosure channels (e.g. setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		Dedicated personnel are assigned to collect and disclose the Company's information. Furthermore, a spokesperson system is implemented pursuant to regulations, and information from the investor conferences is also posted on the Company's website.	There have been nosignificant deviations.
(3) Does the Company announce and report annual financial statements within two		V	The Company's quarterly financial reports and monthly operating results are all disclosed within the prescribed	There have been nosignificant

Evaluation item	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			deadlines.	deviations.
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, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training status, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. Employee rights: Employees' rights are governed pursuant to the Labor Standards Act and the Company's personnel regulations. 2. Employee wellness: Setting up healthcare personnel, the Company provides health and management consulting services for employees, and there are multiple communication ways open for employees to express their opinions. The Company also has an employee welfare committee to handle various employee welfare matters. 3. Investor relations: The Company's ultimate goal is to protect the interests of its shareholders. In addition to disclosing significant information on finance, business, and insider shareholding changes on the Market Observation Post System pursuant to the relevant regulations, information concerning shareholders' meetings is recorded and disclosed pursuant to the Company Act and applicable laws and regulations and archived permanently in the Company. 4. Supplier relations: The Company has always maintained good relationships with its suppliers.	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Explanation	
			5. Rights of stakeholders: The Company respects and protects legal rights of its stakeholders, maintains smooth communication channels with its customers, employees, suppliers, etc., and discloses relevant information pursuant to the regulations set by the competent authorities. 6. Directors’ and supervisors’ training status: A six-hour external training course is arranged annually in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.” 7. Implementation of risk management policies and risk evaluation measures: The Company analyzes and responds to issues concerning operational objectives, accuracy of financial reporting, possibility of fraud prevention and influential risk in order to strengthen the Company’s corporate governance and build a sound risk management procedure. 8. Implementation of customer relations policies: The Company provides customers with high quality products and fast delivery service to meet their requirements. 9. Purchasing insurance for directors and supervisors: To protect directors and supervisors from personal liabilities and financial loss arising from lawsuits by third parties when performing their duties, the Company has purchased liability insurance for the directors and supervisors.	

Evaluation item	Implementation status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange in the latest year, and provide the priority enhancement measures for the unimproved matters.

(I) Improvements that have been made in accordance with the 10^{th} Corporate Governance Evaluation (Year of Evaluation: 2023):

2.11 Were the Company's interim financial reports all approved by the Audit Committee and submitted to the board for discussion and resolution?

Explanation: All Company quarterly financial reports were approved by the Audit Committee and submitted to the board for discussion and resolution.

(II) Prioritised Improvement and Measures to be taken for improvements that have yet to be carried out in the 10^{th} Corporate Governance Evaluation (Year of Evaluation: 2023):

2.17 Did the board regularly (at least once a year) refer to the Audit Quality Indicators (AQIs) to review the independence and suitability of the external auditors and fully and accurately disclose the assessment procedures in the annual report?

Explanation: The Company will disclose its implementation on the Company's Website and in Annual Report

3.5 Does the Company disclose its annual financial report in English 16 days before the regular shareholders' meeting?

Explanation: The Company planned to upload the Annual Financial Report in English 16 days prior to the 2024 Annual Regular Shareholders' Meeting.

(4) Composition, duties and operation status of remuneration committee

1. Information on members of remuneration committee

March 31, 2023

<table>
<tr><th>Position</th><th>Qualification / Name</th><th>Professional qualification and experience</th><th>Independence</th><th>Number of other public companies in which the individual is concurrently serving as a remuneration committee member</th></tr>
<tr><td>Independent director (Convener)</td><td>Chang, Hui</td><td rowspan="4">For professional qualifications and experience, please refer to information on directors and supervisors (1) on page 9</td><td rowspan="4">The independence requirements stipulated in Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies are met. (Note)</td><td>0</td></tr>
<tr><td>Independent director</td><td>Tsai, Li-Yun</td><td>0</td></tr>
<tr><td>Independent director</td><td>Hung, Ju-Mei</td><td>0</td></tr>
<tr><td>Independent director</td><td>Lin, Pao-Chu</td><td>1</td></tr>
</table>

Note: Each member has met the following conditions two years prior to and during his/her term of office

(1) Not an employee of the company or any of its affiliates.
(2) Not a director or supervisor of the company or any of its affiliates.
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under "(1)" or any of the persons in "(2)" and "(3)."
(5) Not a director, supervisor, or employee of an institutional 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 paragraph 1 or 2 of article 27 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: not a director, supervisor, or employee of that other company.
(7) If the chairperson, general manager, 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 of that company (governor), audit committee member (supervisor), or employee of that other company or institution.
(8) Not a director, supervisor, manager, 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) Not a professional individual, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the latest two 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.
(10) Not been a person of any conditions defined in Article 30 of the Company Law.

2. Duties and responsibilities of remuneration committee

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion.

1. Periodically reviewing this charter and making recommendations for amendments.
2. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managers of the Company.
3. Periodically assessing the degree to which performance goals for the directors, supervisors, and managers of the Company have been achieved, setting the types and amounts of their individual remuneration based on the results of the reviews conducted in accordance with the performance assessment standards.

3. Operations of remuneration committee

(1) There are four members in the Company's remuneration committee.

(2) The term of office of the current members: June 23, 2022–June 22, 2025.

A total of two [A] remuneration committee meetings were held in the previous period. The attendance record of the remuneration committee members is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (Note) [B/A]	Remarks
Convener	Chang, Hui	2	0	100%	Reelected on June 23, 2022
Member	Tsai, Li-Yun	2	0	100%	Reelected on June 23, 2022
Member	Hung, Ju-Mei	2	0	100%	Reelected on June 23, 2022
Member	Lin, Pao-Chu	1	0	100%	Elected on June 14, 2023

Note: Attendance rate in person (%) is calculated based on the number of meetings held by the remuneration committee and the actual attendance during the terms of the committee members.

4. Other mentionable items:

(1) If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g. the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the

difference shall be specified): None

(2) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None

5. The cause of motions and resolutions of the remuneration committee, and how the Company handled the members' opinions

Meeting date	Cause of motion	Resolution	How the Company handled the members' opinions
The 2th meeting of the 5th Compensation Committee March 24, 2023	Review on distribution of remuneration to employees, directors and Supervisors of 2022	The motion is approved after the chairperson of the meeting put the matter before all the members present at the meeting and None voices an objection.	The motion had been submitted to the board of directors and approved by all the directors present.
The 3th meeting of the 5th Compensation Committee December 15, 2023	Review of the 2023 year-end bonuses of managerial officers	The motion is approved after the chairperson of the meeting put the matter before all the members present at the meeting and None voices an objection.	The motion had been submitted to the board of directors and approved by all the directors present.

(5) State of the Company's promotion of sustainable development, any deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviations

Evaluation item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
1. Does the Company establish a governance structure to achieve sustainable development, and set up a dedicated (or ad hoc) unit to promote sustainable development, which is authorized by the board of directors for senior management, and supervised by the board of directors?		V	The Company has not set up dedicated (or ad hoc) unit to promote sustainable development.	This matter will be implemented according to the actual needs or statutory provisions.
2. Does the Company conduct risk assessments on environmental, social and corporate governance topics related to company operations according to the principle of materiality, and formulate relevant risk management policies or strategies?	V		1. Environmental topic • Risk assessment: The Company shall improve its production environment in light of global climate change and ongoing concerns about energy conservation and carbon reduction in the global community, • Management policy: The Company shall establish a system for qualified suppliers to ensure that no prohibited or hazardous substances are contained in its materials, and shall proactively adopt process waste reduction measures to reduce environmental pollution caused by excessive waste. 2. Social topic • Risk assessment: The Company shall pay attention to the rights and interests of its stakeholders when fulfilling its corporate social responsibility. • Management policy: The Company shall identify its key	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			stakeholders, pay attention to stakeholder issues, and maintain smooth communication channels for them. 3. Corpora governance topic • Risk assessment: The Company shall move towards sustainable development and protect the interests of its shareholders. • Management policy: The Company shall ensure that all its employees comply with applicable laws and regulations through the establishment of corporate governance-related regulations and implementation of internal control systems,	
3. Environmental topic				
(1) Does the company establish proper environmental management systems based on the characteristics of its industry?	V		1. The Company received the international environmental management system certification—ETC ISO 14001 2. The Company has set up an environmental safety office dedicated to managing issues about air pollution, wastewater, waste, etc., in order to safeguard its environmental management-related operations.	There have been no significant deviations.
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?		V	The Company attaches importance to energy saving and carbon reduction, and promotes sorting and recycling of resources to reduce the emission of emission of pollutants, thus ensuring its proper disposal of waste.	This matter will be implemented according to the actual needs.
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?		V	The Company has not conducted an evaluation for climate change.	This matter will be implemented according to the actual needs or

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td></td><td>statutory provisions.</td></tr>
<tr><td>(4) Does the company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish policies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?</td><td>V</td><td></td><td>1. The Company’s greenhouse gas emissions, water consumption and total weight of waste for the past two years
<table><tr><th></th><th>2023</th><th>2022</th></tr><tr><td>Greenhouse gas emissions:</td><td>17,653 metric tons of CO2e</td><td>22,742 metric tons of CO2e</td></tr><tr><td>Water consumption:</td><td>304,068 kl</td><td>352,800 kl</td></tr><tr><td>Total weight of waste:</td><td>1,134 metric tons</td><td>1,409 metric tons</td></tr></table>2. Energy saving, carbon reduction and water management targets
• Managerial quantitative targets for energy saving and carbon reduction in the future: 10% of reduction in 2025 compared to 2016
• Managerial quantitative targets for water consumption management in the future: 10% of reduction in 2025 compared to 2016
3. Measures to achieve the target
• Energy saving and carbon reduction: Power saving plans are implemented in three major aspects: air conditioning system, electric lighting and other electricity consumption, and energy-consuming equipment is regularly inspected and replaced.
• Water consumption management: The Company shall</td><td>There have been no significant deviations.</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			conserve water internally. Through wastewater discharge classification systems, the Company shall build a firm foundation for water conservation and recycling in its manufacturing process. 4. The Company's current performance • Energy saving and carbon reduction: Taking 2016 as a base year, the emissions in 2023 were decreased by 8%. • Water consumption management: Taking 2016 as a base year, the water consumption in 2023 were decreased by 38%.	
4. Social topic				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company complies with applicable labor laws and regulations, protects legal rights and interests of its employees, and has established relevant measures to ensure a sound working environment and internal management system.	There have been no significant deviations.
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits), and appropriately reflect operating performance or results in employee remuneration?	V		The Company has set up its internal work rules, remuneration management regulations, and employee performance management regulations to regulate and reward its employees. Moreover, bonuses are paid to the employees when the Company makes a profit.	There have been no significant deviations.
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		1. Health checkups and health seminars for employees are held regularly every year. 2. Fire safety inspections and fire safety seminars are held regularly every year.	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
(4) Has the Company established effective career development training plans for its employees?	V		1. To enhance the employees' self-skills, all the departments plan their training programs every year. 2. The Company's employees are encouraged to proactively participate in educational training, such as external seminars and workshops.	There have been no significant deviations.
(5) Does the Company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulates relevant policies and procedures to protect consumer rights and handling complaints?	V		The brand owner, RoHS mark, product specifications, etc., are labeled on the Company's products. Also, the Company has set up a standard procedure for customer complaint handling and established a customer-oriented quality system as a basis for quality system optimization.	There have been no significant deviations.
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental protection, occupational safety and health or labor right, and their implementation status?	V		When signing a contract with a supplier, the Company stipulates various terms for its suppliers to comply with. If the supplier is found to be in violation, the Company may terminate or cancel the cooperation relationship.	There have been no significant deviations.
5. Does the Company refer to international reporting rules or guidelines to prepare its sustainability report to disclose non-financial information of the Company? Is the preceding report accredited from accreditation agency or third party verification organization?		V	The Company has not prepared its sustainability report.	This matter will be implemented according to the actual needs or statutory provisions.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td colspan="5">6. If the Company has established its Sustainable development best-practice principles according to “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe the operational status and differences.
The Company has established relevant operating procedures for compliance in accordance with the law, and there is no material difference between its operational status and the principles.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s implementation of sustainable development:
1. Social contribution: Aiming at a stable and sustainable business growth, the Company has created sound working environment for its employees in order to secure their financial conditions.
2. Community participation: In 2023, the Company sponsored the lantern festival of new year carnival in Shulin District with NT$150,000 for community beautification.
3. Social services: The Company provides adequate manpower and material support for local festivals.
4. Social charity: In 2023, the Company participated in the “ Love Project” of Anue and donated NT$60,000.
5. Safety and health: The Company attaches importance to its employees’ physical and mental health development. In addition to regular staff health checkups and fire safety inspections, the Company also organizes annual employee trip to relieve the employees’ work pressure.
6. The Company has received the following certifications:
(1) The international quality system certification—TUV IATF 16949: 2016
(2) The international environmental management system certification —ETC ISO 14001:2015
(3) The occupational health and safety management system certification—ETC ISO 45001:2018
(4) The GHG inventory verification —TUV ISO 14064-1:2018</td></tr>
</table>

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company will establish the cross-department Climate Change Risk Task Force responsible for identifying climate risks, and assessing and reacting to the impact of climate within each department’s scope of responsibility.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Company has not prepared its sustainability report yet, and the related information is still under study.
3. Describe the financial impact of extreme weather events and transformative actions.	The Company has not prepared its sustainability report yet, and the related information is still under study.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has not prepared its sustainability report yet, and the related information is still under study.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not prepared its sustainability report yet, and the related information is still under study.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has not prepared its sustainability report yet, and the related information is still under study.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Currently, there is no such a plan.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company has not prepared its sustainability report yet, and the related information is still under study.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Greenhouse Gas Inventory InformationDescribe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

	2023	2022
Scope 1：	347(metric tons CO2e)	456(metric tons CO2e)
Scope 2：	14,303(metric tons CO2e)	18,560(metric tons CO2e)
Scope 3：	3,003(metric tons CO2e)	3,726(metric tons CO2e)
Emission volume：	17,653(metric tons CO2e)	22,742(metric tons CO2e)
Intensity：	13.78(metric tons CO2e/NT$ million)	15.85(metric tons CO2e/NT$ million)

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The intensity of greenhouse gas emissions be calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The Company conducted greenhouse gas inventory for Scopes 1-3 emissions in 2022 and 2023, and was verified by TUV for its compliance with ISO 14064-1：2018 Greenhouse Gas Inventory.

Note 1: The Company does not prepare a sustainability report, that “Complete assurance information will be disclosed on the Market Observation Post System (MOPS),” and shall disclose the complete assurance information in the annual report of the following fiscal year.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.	
Reduction base year and its data:	2016 was set as the base year in which the greenhouse gas emission volume was 19,279 metric tons CO2e.
Reduction target:	Currently, the target is 1% reduction from the carbon emissions produced by the total electricity consumption filed in the annual energy reduction program.
Reduction strategy:	1. Continue to implement measures for energy saving and carbon reduction. 2. Participate in energy saving and carbon reduction activities by all employees. 3. Comply with environmental protection laws, requirements of clients and other applicable regulations.
Concrete action plans:	1. Implement energy saving to eliminate energy waste. 2. Regularly review contract capacity, air conditioning zoning and lighting circuits, and strengthen energy efficiency. 3. Sign equipment maintenance contracts to keep equipment operating at optimum efficiency level and reduce energy consumption. 4.Regularly replace old and inefficient equipment to improve energy efficiency.
Status of achievement of the reduction targets:	The emissions decreased by 8% in 2023.

(6) The Company's fulfillment of ethical corporate management, any deviations from the ethical corporate management policies for TWSE/TPEx Listed Companies, and the reason for any deviations

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for such Deviations
	Yes	No	Explanation	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company have a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and senior management towards enforcement of such policy?	V		1. The Company has set up its "ethical corporate management policies." 2. The board of directors and the management are both proactively implementing the policies in accordance with the law.	There have been no significant deviations.
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established policies as a guideline and has strengthened the promotion of ethics in order to ensure that no employees have a chance to exploit the Company's property or information for their own interests.	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for such Deviations
	Yes	No	Explanation	
(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V		The Company has established a "Codes of Ethical Conduct," which stipulate matters that the Company's personnel should pay attention to when conducting business. Any violation of these codes is subject to the provisions of the "Employee Reward and Punishment Regulations".	There have been no significant deviations.
2. Fulfillment of ethical corporate management				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company always conducts evaluations and reviews before starting business dealings with others. Further, default clauses are stipulated in the contracts to ensure ethical corporate management.	There have been no significant deviations.
(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the board of directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?		V	The Company have not set a unit responsible for ethical corporate management on a full-time basis.	This matter will be implemented according to the actual needs or statutory provisions.
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		If a member of the Company has an interest in a motion at a meeting, the main content of the interest shall be stated at that meeting. If the interest may be prejudicial to the Company's interests, the member shall not participate in and shall recuse	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for such Deviations
	Yes	No	Explanation	
			himself/herself from the discussion and voting.	
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire CPAs to perform the audits?	V		1. The Company has set effective accounting and internal control systems.In addition, they are promptly revised in accordance with laws and practical needs to ensure sustainable effectiveness of design and implementation of the system. 2. The internal auditors prepare their annual audit plan based on risk assessment to conduct audits.	There have been no significant deviations.
(5) Does the Company regularly hold internal and external educational training on operational integrity?	V		In 2023, 598 persons (a total of 1,558 person-hours) participated in in-house and external ethical corporate management training (including courses related to compliance with ethical corporate management laws and regulations, safety and health management, financial system and internal control).	There have been no significant deviations.
3. Operation of the whistleblowing system				
(1) Does the Company establish both a reward/punishment system and a whistleblowing channel? Can the accused be reached by an appropriate person for follow-up?	V		1. The Company has established its "fraud management regulation" and has also set up a Chairperson's Mailbox. Therefore, opinions can be communicated securely and confidentially. 2. Prosecuted persons will be investigated by an investigation team composed of appropriate personnel.	There have been no significant deviations.
(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions	V		1. Whistleblowing matters are handled in a confidential and careful manner by the Company in accordance with the "Fraud Management Regulation."	There have been no significant deviations.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reason for such Deviations
	Yes	No	Explanation	
and relevant post-investigation confidentiality measures?			2. The reward and disciplinary committee is responsible for the investigation, discussion and punishment.	
(3) Has the Company set measures to protect whistleblowers do not suffer for which he or she reported?	V		The Company keeps whistleblowers' information confidential and protects them from unfair retaliation.	There have been no significant deviations.
4. Strengthening information disclosure				
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company's website and the Market Observation Post System disclose information related to ethical corporate management for reference.	There have been no significant deviations.
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company upholds the business philosophy of "honesty, innovation, respect and teamwork," and complies with provisions of applicable laws and regulations.				
6. Other important information for better understanding of the ethical corporate management (such as review and revision of the regulations on corporate management policies) None.				

(7) Establishment of corporate governance best-practice principles, related rules thereof, and how to access them

1. Establishment of corporate governance related rules
   - Articles of Incorporation
   - Articles of Incorporation
   - Rules of Procedure for Shareholders' Meetings
   - Rules of Procedure for Board of Directors Meetings
   - Codes of Ethical Conduct
   - Procedures for Election of Directors
   - Regulations Governing Loaning of Funds to Others
   - Regulations Governing Making of Endorsements/Guarantees
   - Regulations Governing Acquisition and Disposal of Assets
   - Regulations Governing Derivatives Trading
   - Remuneration Committee Charter
   - Ethical Corporate Management Policies
   - Corporate Social Responsibility Best-Practice Principles
   - Procedures for Handling Material Inside Information
   - Fraud Regulation
   - Standard to measure the performance of the board
   - Audit Committee Charter

2. How to access: The rules are posted on the Company's website and certain rules are posted on the Market Observation Post System.

(8) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance

1. In order to establish a good mechanism for handling and disclosing material internal information, the Company has established "Procedures for Handling Material Inside Information". These procedures are implemented after the board of directors' approval, and are disclosed on the Company's electronic document management system, so that managers and employees can refer to them at any time, thus avoiding any unlawful insider trading.

   The Company provides training on "Procedures for Handling Material Inside Information" and applicable laws and regulations thereof to its directors, supervisors, managers and employees at least annually; for new directors, supervisors and managers, the training is held within three months from their appointment; for new employees, the personnel is responsible for educating and disseminating such information to them during induction training.

   The Company has conducted the training for the current directors, supervisors, managers and employees on December 15, 2023. The training course covers the scope of important internal information, confidentiality practices, and handling of non-compliance, and the slides are sent to all the directors, supervisors, managers and employees for their reference.

2. Upon the appointment of new directors, supervisors and managers, the Company distributes the latest version of the directors' and supervisors' handbooks and brochures of insider stock transactions issued by the

competent authorities to them in order to help the Company's insiders follow the guidelines.

3. Managers' participation in corporate governance-related in-service courses and training

Title	Name	Study Date	Course Title	Training Hours
Deputy general manager	Peng, Chien-Tang	April 26, 2023	Opportunities and effects of industrial metaverse to machine tools industry	3
Head of manufacturing division	Chu, Hsiao-Hsien	February 7, 2023	On-the-job training course for occupational safety and health affair managers	7
Head of quality assurance engineering division	Wang, Sheng-Hua	October 20, 2023	Continuous Education Course for Radiation Protection	6
Head of audit division	Wu, Hui-Chuan	March 21, 2023	IATF internal auditor and 5 major certificates	6
		August 8, 2023	How to conduct an audit of ESG risks and submit an effective audit report	6
		November 22, 2023	How to boost audits with big data	6
Head of finance division	Tsai, Cheng-Hung	November 27, 2023	Dissemination Conference for the Business of Public Listed Companies	3
		November 28, 2023	The Continuous Education Class for the Accounting Officer I	6
		November 29, 2023	The Continuous Education Class for the Accounting Officer II	6

(9) Internal control system execution status

1. Statement of internal control system

APCB INC.

Statement of Internal Control System

Date: March 8, 2024

Based on the findings of a self-assessment, The Company states the following with regard to its internal control system during the year 2023:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and management of the Company.
   The Company has established such a system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of the operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of the reporting, and compliance with applicable rules, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three stated objectives. Furthermore, the effectiveness of an internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes prompt remedial actions in response to any identified deficiencies.
3. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The criteria adopted in the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details of these items.
4. The Company has evaluated the design and operating effectiveness of its internal control system by adopting the aforesaid criteria.
5. Based on the self-assessment results in the preceding paragraphs, the Company concluded that its internal control system (including supervision and management over the subsidiaries) as of December 31, 2023, is effective on the design and implementation of the internal control system for helping understand the effectiveness of the Company's operations and the extent to which the Company's efficiency targets are achieved, presenting reports in a reliable, timely transparent and regulatory-compliant manner, etc. The internal control system can reasonably ensure the achievement of the aforesaid objectives.
6. This Statement will be an integral part of the Company's annual report and prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.

7. This Statement was passed by the board of directors in their meeting held on March 8, 2024, with None of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

APCB INC.
Chairperson: Tsao, Yueh-Hsia
General Manager: Lai, Chin-Tsai

2. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: None

(10) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the latest year or during the current year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(11) Material resolutions of the shareholders' meeting or the board of directors meeting during the latest year or during the current year up to the date of publication of the annual report

1. Material resolutions of the shareholders' meeting and implementation thereof

Date	2023 Annual Shareholders' Meeting	Execution Situation
June 14, 2023	Report Items (1) 2022 Business Report (2) 2022 Audit Committee Report (3) Report on Endorsements/Guarantees Status in 2022 (4) Report on Loaning of Funds in 2022 (5) Report on Investment status in Mainland China in 2022 (6) Report on Distribution of Remuneration to Employees, Directors and Supervisors of 2022 (7) Amendments to the "Regulations Governing Procedure for the Board of directors Meeting." Proposals (1) The Company's 2022 financial statements and business report are proposed for acceptance.	

	(2) The Company's 2022 earnings allocation is proposed for acceptance. Elections (1) Election of the 12th Board of Directors (including Independent Director) Discussion Item (1) Approved the proposal to lift the non-competitiveness restrictions for the newly elected directors (including independent directors) and its representatives	 Election Result: Electee of Directors: Mr. Lin, Chun-Hao Electee of Independent Directors: Ms. Lin, Pao-Chu Lifted the non-competitiveness restrictions for the newly elected directors (including independent directors)

2. Material resolutions of the board of directors

Date	Decision making unit	Major resolutions
March 24, 2023	The 5th meeting of the 12th board of directors	1. Approval to the motion of 2022 financial statements and consolidated financial statements prepared by the Company and audited by the CPAs 2. Approval of matters related to the 2023 regular shareholders' meeting 3. Approval to the motion of the Company's earnings distribution for 2022 4. Approval of the Company's 2022 bonuses to employees, directors and supervisors 5. Approval of the Company's 2022 statement of internal control system 6. Approval of revision to the Company's internal control system 7. Approval of endorsement/guarantee for subsidiaries 8. Approval of the independence and suitability of the Company's attesting CPAs 9. Approved the replacement of CPAs to cope with the original CPAs Firm.
May 4, 2023	The 6th meeting of the 12th board of directors	1. Report on the Company's consolidated financial statements of Q1 2023 2. Approval of endorsement/guarantee for subsidiaries 3. Approved the review of the company's candidates of directors nominated by the shareholder.
August 4, 2023	The 7th meeting of	1. Report on the Company's consolidated financial statements of Q2 2023

Date	Decision making unit	Major resolutions
	the 12th board of directors	2. Approval to set the record date and distribution date and book closure date for cash dividends 3. Approved the appointment of the members of the Audit Committee and the members of the Remuneration Committee 4. Approval of revision to the Company's internal control system
November 10, 2023	The 8th meeting of the 12th board of directors	1. Report on the Company's consolidated financial statements of Q3 2023 2. Approval of revision to the Company's internal control system 3. Approval of endorsement/guarantee for subsidiaries
December 15, 2023	The 9th meeting of the 12th board of directors	1. Approval of the Company's 2024 annual audit plan. 2. Approval of endorsement/guarantee for subsidiaries
March 8, 2024	The 10th meeting of the 12th board of directors	1. Approval to the motion of 2023 financial statements and consolidated financial statements prepared by the Company and audited by the CPAs 2. Approval of matters related to the 2024 regular shareholders' meeting 3. Approval to the motion of the Company's earnings distribution for 2023 4. Approval of the Company's 2023 bonuses to employees and directors 5. Approval of the Company's 2023 statement of internal control system 6. Approval of revision to the Company's internal control system 7. Approval of endorsement/guarantee for subsidiaries 8. Approval of the independence and suitability of the Company's attesting CPAs

(12) Where, during the latest year or during the current 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 latest year or during the current year up to the date of publication of the annual report, of the Company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None

5. Information on the professional fees of the attesting CPAs

(1) Amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the CPA firm to which they belong and to any affiliated enterprises as well as the details of non-audit services:

Unit: NTD thousand

CPA firm	CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
KPMG	Jhao, Min-Ru Lu, Li-Li	January 1, 2023 ~ December 31, 2023	5,590	377	5,967	1. $225 thousand of TP service fee 2. $16 thousand of audit travel fee 3. $41 thousand of financial report printing fee 4. $30 thousand of working hour review fee 5. $65 thousand of business registration fee

(2) When the Company changes its CPA firm and the audit fees paid for the year in which such change took place are lower than those for the previous year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A

(3) When the audit fees paid for the current year are lower than those for the previous year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A

6. Information on replacement of CPAs

(1) Former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="4">March 24, 2023</td></tr>
<tr><td>Information on replacement of CPAs</td><td colspan="4">The replacement is made due to internal restructuring of the attesting CPA firm.</td></tr>
<tr><td rowspan="3">Statement on whether the Company or the CPA terminates or rejects engagement</td><td colspan="2">Status of the / Principal</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntary termination</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">CPAs declined to accept (continue with) the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinion and reason for audit report expressing other than an unqualified opinion during the latest 2 years</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Disagreement between the issuer and CPAs</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Note: N/A</td></tr>
<tr><td>Other disclosures</td><td colspan="4">None.</td></tr>
</table>

(2) Successor CPAs

CPA firm	KPMG
CPAs	Jhao, Min-Ru and Lu, Li-Li
Date of appointment	March 24, 2023
Consulted accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report prior to the formal engagement of the successor CPAs and results thereof	N/A
Written opinions from the successor CPAs on the disagreement between the company and former CPAs	N/A

(3) Former CPAs' reply letter for matters listed in item 1, 2 & 3 of subparagraph 6 of article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None

7. The Company’s chairperson, general manager, or any managerial officer in charge of finance or accounting matters in the latest year who held a position at the CPA firm of its CPA or at an affiliated enterprise of such accounting firm: None.

8. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than ten percent during the most recent year or during the current year up to the date of publication of the annual report.

(1) Changes in shareholdings of directors, supervisors, managers and major shareholders

Unit: shares

Title	Name	2023		As of March 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairperson	Tsao, Yueh-Hsia	0	0	0	0
Director and general manager	Lai, Chin-Tsai	0	0	0	0
Director	Tai, Shui-Chuan	0	0	0	0
Director	Lin, Chun-Hao				
Independent director	Tsai, Li-Yun	0	0	0	0
Independent director	Chang, Hui	0	0	0	0
Independent director	Hung, Ju-Mei	0	0	0	0
Independent director	Lin, Pao-Chu	0	0	0	0
Deputy general manager	Peng, Chien-Tang	(10,068)	0	0	0
Head of quality assurance engineering division	Wang, Sheng- Hua	0	0	0	0
Head of manufacturing division	Chu, Hsiao-Hsien	0	0	0	0
Head of audit division	Wu, Hui-Chuan	0	0	0	0
Head of finance division	Tsai, Cheng-Hung	0	0	0	0

(2) Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty’s name, its relationship between that party and the company as well as the company’s directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged: None.

9. Relationship information, if among the company's 10 largest shareholders any one is a related party, a spouse or a relative within the second degree of kinship of another

Name	Shares held in person		Shares held by spouse and children of minor age		Shares held in name of other persons		Title or name and relationship of top ten shareholders who are related parties or each other's spouse and relative within the second degree of kinship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relation	
Lai, Chin-Tsai	10,299,803	6.44%	9,924,708	6.21%	0	-	Tsao, Yueh-Hsia	Spouses	-
Tsao, Yueh-Hsia	9,924,708	6.21%	10,299,803	6.44%	0	-	Lai, Chin-Tsai	Spouses	-
Chia Fei Ssu Investment Co., Ltd.	5,757,000	3.60%	0	-	0	-	-	-	-
Representative: Hsiao, Chen-Sheng	3,547,000	2.22%	0	-	0	-	-	-	-
Lai, Jen-He	5,319,740	3.33%	0	-	0	-	Lai, Chin-Tsai and Tsao, Yueh-Hsia	Parents and son	-
Lai, Yu-Fu	4,505,928	2.82%	0	-	0	-	Lai, Chin-Tsai and Tsao, Yueh-Hsia	Parents and son	-
Hsiao, Chen-Sheng	3,547,000	2.22%	0	-	0	-	-	-	-
Lai, Shui-Shu	3,017,537	1.89%	0	-	0	-	Lai, Chin-Tsai	Brothers	-
Tai Lin, Chun-Mei	2,928,923	1.83%	420,231	0.26%	0	-	-	-	-
Lin, Jen-Han	2,531,000	1.58%	0	-	0	-	-	-	-
SPDR portfolio emerging markets investment account under custody of Standard Chartered	2,347,000	1.47%	0	-	0	-	-	-	-

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

Unit: thousand shares

Investee company	The Company's investment		Equity held by directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
APCB INTERNATIONAL CO., LTD. (Note)	-	100%	-	-	-	100%
APCB INVESTMENT CO., LTD. (Note)	-	-	-	100%	-	100%
NEW DAY LIMITED (Note)	-	-	-	100%	-	100%
APCB Electronics (Kunshan) Co., Ltd. (Note)	-	-	-	100%	-	100%
Gao Duo Electronics Co., Ltd. (Note)	-	-	-	100%	-	100%
APCB Capital Limited (Note)	-	-	-	100%	-	100%
APCB Electronics (Thailand) Co., Ltd. (Note)	-	-	-	100%	-	100%
APCB Investment Co., Ltd.	8,700	100%	-	-	8,700	100%
I Tzu Investment Co., Ltd.	8,700	100%	-	-	8,700	100%
APCB HOLDINGS LIMITED (Note)	-	-	-	100%	-	100%
U-PEAK LTD. (Note)	-	100%	-	-	-	100%
PROSPER PLUS LIMITED (Note)	-	-	-	100%	-	100%
RED NOBLE LIMITED (Note)	-	100%	-	-	-	100%
GREEN ELITE LIMITED (Note)	-	-	-	100%	-	100%
SMART EXPLORER LIMITED (Note)	-	-	-	100%	-	100%

Cut-off date: March 31, 2024

Note: The Companies are limited companies

IV. Capital Raising Status

1. Capital and shares

(1) Sources of share capital

April 30, 2024

Year/ month	Offering price ($)	Authorized share capital		Paid-in capital		Remarks		
		Number of shares (shares)	Amount ($)	Number of shares (shares)	Amount ($)	Sources of share capital	Shares purchased with property other than cash	Others
September 2021	10	200,000,000	2,000,000,000	159,865,413	1,598,654,130	$33,890 of convertible bonds converted to common shares	None	Note1
March 2012	10	200,000,000	2,000,000,000	159,899,311	1,598,993,110	$338,980of convertible bonds converted to common shares	None	Note 2

Note 1. Approval number for change of registration: Ching-Shou-Shang-Tzu No. 10001243250

Note 2. Approval number for change of registration: Ching-Shou-Shang-Tzu No. 10101084680

Unit: shares

Type of share	Authorized share capital					Remarks
	Shares outstanding			Unissued shares	Total	
	Listed	Unlisted	Total			
Common share	159,899,311	0	159,899,311	40,100,689	200,000,000	—

Information on shelf registration system: N/A.

(2) Shareholder structure

April 21, 2024

Shareholder structure / Quantity	Government agency	Financial institution	Other juridical persons	Natural persons	Foreign institutions and foreigners	Total
Number of persons	0	0	256	44,963	77	45,296
Shares held	0	0	8,550,601	141,858,876	9,489,834	159,899,311
Shareholding ratio	0	0	5.35%	88.72%	5.93%	100%

(3) Distribution of common shares

Common shares/par value of $10 per share April 21, 2024

Range of shares held	Number of shareholders	Shares held	Shareholding ratio
1–999	33,855	379,682	0.24%
1,000–5,000	8,282	18,697,596	11.69%
5,001–10,000	1,643	13,570,598	8.49%
10,001–15,000	424	5,551,031	3.47%
15,001–20,000	362	6,825,163	4.27%
20,001–30,000	260	6,755,242	4.22%
30,001–40,000	116	4,183,249	2.62%
40,001–50,000	80	3,766,643	2.35%
50,001–100,000	138	9,863,789	6.17%
100,001–200,000	64	8,870,812	5.55%
200,001–400,000	34	9,395,009	5.88%
400,001–600,000	10	4,652,670	2.91%
600,001–800,000	8	5,689,085	3.56%
800,001–1,000,000	3	2,768,000	1.73%
Above 1,000,001	17	58,930,742	36.85%
Total	45,296	159,899,311	100%

Distribution of preferred shares: None.

(4) List of major shareholders

April 21, 2024

Shares / Name of Major Shareholder	Shares held	Shareholding ratio
Lai, Chin-Tsai	10,299,803	6.44%
Tsao, Yueh-Hsia	9,924,708	6.21%
Chia Fei Ssu Investment Co., Ltd.	5,757,000	3.60%
Lai, Jen-He	5,319,740	3.33%
Lai, Yu-Fu	4,505,928	2.82%
Hsiao, Chen-Sheng	3,547,000	2.22%
Lai, Shui-Shu	3,017,537	1.89%
Tai Lin, Chun-Mei	2,928,923	1.83%
Lin, Jen-Han	2,531,000	1.58%
SPDR portfolio emerging markets investment account under custody of Standard Chartered	2,347,000	1.47%

(5) Market price per share, net worth per share, earnings per share, dividends per share, and related information for the latest two years

Unit: NTD

Item		Year	2022	2023	As of March 31, 2024
Market price per share (note)	Highest		23.55	22.80	24.60
	Lowest		15.45	16.20	19.95
	Average		18.25	18.33	22.75
Net worth per share (note2)	Before distribution		22.62	22.28	—
	After distribution		22.12	21.78	—
Earnings per share	Weighted average number of shares (thousand shares)		159,899	159,899	—
	Earnings per share (note3)	Before adjustment	0.22	0.34	—
		After adjustment	0.22	0.34	—
Dividends per share	Cash dividends		0.50	0.50	—
	Stock dividends	Stock dividends from retained earnings	—	—	—
		Stock dividends from capital surplus	—	—	—
	Accumulated unpaid dividends (note 4)		—	—	—
Investment return analyses	Price-to-earnings ratio (note 5)		82.95	53.91	—
	price-to-dividend ratio (note 6)		36.50	36.66	—
	Cash dividend yield (note 7)		2.74%	2.73%	—

Note 1: Market share prices include the highest, lowest and average of common shares for the year, and the average market price is calculated based on trading value and volume for each year.

Note 2: Based on the number of issued shares at the end of the year, the amounts are stated in accordance with the resolved distributions by the board of directors or at the following year's shareholders' meeting.

Note 3: If retroactive adjustments are required due to stock dividends or other circumstances, the earnings per share before and after the adjustments shall be presented.

Note 4: For securities issued with terms that entitle holders to accumulate the unpaid dividend until an earning-generating year, the accumulated unpaid dividends up to the current year shall also be disclosed respectively.

Note 5: Price/earnings ratio = average closing price of the year / diluted earnings per share

Note 6: Price/dividend ratio = average closing price of the year / cash dividends per share

Note 7: Cash dividend yield = cash dividends per share / average closing price of the year

(6) Dividend policy and implementation

1. Dividend policy as stipulated in the Articles of Incorporation

   If there is profit in the Company's annual financial statements, the Company shall first pay taxes and offset accumulated losses, and then set aside 10% as legal reserve and set aside special reserve in accordance with the law. If any surplus remains, the board of directors shall, after adding the undistributed earnings from previous years, prepare a proposal for distribution and submit it to the shareholders for resolution.

   To meet the Company's future needs for equipment replacement and expansion, cash dividends shall be distributed at a rate of not less than 10% of the total dividends, and the rest shall be distributed in the form of stock dividends.

2. Dividend distributions proposed at the shareholders' meeting

   For 2023, the Company's net income after tax was NT$54,306,338; the total cash dividends distributed to shareholders were NT$79,949,656; and the percentage of distributed cash dividends to net income after tax was 147.22%.

APCB INC.

Earnings Distribution Table

2023

Unit: NTD

Items	Amount
Beginning balance	900,264,133
Less: re-measurements of the net defined benefit plan	(1,799,620)
Add: net income after tax of the period	54,306,338
Less: legal reserve appropriation (10%)	(5,250,672)
Less: special reserve appropriation	(26,066,767)
Retained earnings available for distribution	921,453,412
Appropriation:	
Less: cash dividends to shareholders ($0.5 per share)	(79,949,656)
Undistributed earnings at the end of the period	841,503,756

Note: The cash dividendstoshareholders are calculated based on the $1,598,993,110 of paid-in capital as of March 2024.

Chairman: Tsao, Yueh-Hsia   Manager: Lai, Chin-Tsai   Accounting Supervisor: Tsai, Cheng-Hung

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the shareholders' meeting.

<table>
<tr><th colspan="3">Year / Item</th><th>2024 (Estimate)</th></tr>
<tr><td colspan="3">Paid-in capital as of the beginning of period</td><td>$1,598,993,110</td></tr>
<tr><td rowspan="3">Dividend distribution for the year</td><td colspan="2">Cash dividend per share</td><td>$0.5</td></tr>
<tr><td colspan="2">Stock dividends from earnings per share</td><td>—</td></tr>
<tr><td colspan="2">Stock dividends from capital surplus per share</td><td>—</td></tr>
<tr><td rowspan="7">Changes in operating performance</td><td colspan="2">Operating income</td><td>—</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of operating income compared to the same period last year</td><td>—</td></tr>
<tr><td colspan="2">Net income after tax</td><td>—</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of operating net income compared to the same period last year</td><td>—</td></tr>
<tr><td colspan="2">Earnings per share</td><td>—</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of earnings per share compared to the same period last year</td><td>—</td></tr>
<tr><td colspan="2">Average annual return on investment (reciprocal of average annual price-to-earnings ratio)</td><td>—</td></tr>
<tr><td rowspan="6">Proforma earnings per share and price-to-earnings ratio</td><td rowspan="2">If all the stock dividends from earnings were distributed in cash</td><td>Proforma earnings per share</td><td>—</td></tr>
<tr><td>Proforma average annual return on investment ratio</td><td>—</td></tr>
<tr><td rowspan="2">If share dividends from capital surplus were not distributed</td><td>Proforma earnings per share</td><td>—</td></tr>
<tr><td>Proforma average annual return on investment ratio</td><td>—</td></tr>
<tr><td rowspan="2">If stock dividends from capital surplus were not distributed, and stock dividends from earnings were distributed in cash</td><td>Proforma earnings per share</td><td>—</td></tr>
<tr><td>Proforma average annual return on investment ratio</td><td>—</td></tr>
</table>

Note 1: The annual dividend distribution is calculated based on the 159,899,311 issued and outstanding shares of the Company as of March 2024.

2: The Company has not made its 2024 financial forecast public, and therefore it is not required to disclose the forecast information for 2024.

(8) Remuneration to employees, directors and supervisors

1. Percentage or scope of remuneration to employees, directors and supervisors stipulated in the Articles of Incorporation

   If the Company makes a profit in a year, it shall set aside not less than 5% for remuneration to employees and not more than 3% for remuneration to directors. However, if the Company has accumulated losses, the Company shall first reserve an amount to offset the losses.

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

   Remuneration to employees and remuneration to directors and supervisors are estimated in accordance with the Company's Articles of Incorporation and are recognized under expenses payable. If employees' remuneration is paid by means of stock distribution, the number of shares distributed is calculated based on the closing price on the day before the board of directors' resolution. However, if the actual distributed amount subsequently resolved by the board of directors differs from the estimated amount, it will be treated as a change in accounting estimate and will be recognized as profit or loss in the current year. Relevant information is available on the Market Observation Post System.

3. Information on any approval by the board of directors of distribution of remuneration

   (1) Amount of any employee remuneration and director and supervisor remuneration distributed in cash or stocks

2023

Unit: NTD

Remuneration to be distributed	Amounts resolved by the board of directors	Amounts recognized as expenses	Discrepancy
Remuneration to directors	2,857,649	2,857,649	0
Cash remuneration to employees	7,450,591	7,450,591	0
Stock remuneration to employees	0	0	0

   (2) Amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: N/A.

4. Actual distribution of employee, director, and supervisor remuneration for 2022

Unit: NTD

Remuneration to be distributed	Amounts recognized as expenses	Actual distributed amounts	Discrepancy
Remuneration to directors	1,400,000	1,400,000	0
Cash remuneration to employees	3,323,332	3,323,332	0
Stock remuneration to employees	0	0	0

(9) Status of the Company repurchasing its own shares: None.

2. Status of corporate bonds: None.

3. Status of preferred Shares: None.

4. Status of global depositary receipts: None.

5. Status of employee stock option plan: None.

6. Status of new restricted employee shares: None.

7. Status of new share issuance in connection with mergers and acquisitions: None.

8. Financing plans and implementation: None.

V. Overview of Operations

1. Description of Business

(1) Business scope

1. The Company's major lines of business
   (1) Printed circuit board manufacturing, processing and trading
   (2) Dealing, agency and tender offer for electronic parts and materials (except government restricted products)
   (3) Printed circuit board drilling processing and trading
   (4) Lamination process for various types of printed circuit boards
   (5) Manufacturing, processing and trading of multi-layer printed circuit boards
   (6) Manufacturing, processing and trading flexible printed circuit boards
   (7) Electronic component manufacturing
   (8) Import/export trading for the preceding businesses

2. Major business activities the company engages in and their percentage to the whole business.

Unit: NTD thousand

Business items	2022		2023	
	Revenue	Business proportion	Revenue	Business proportion
Double-sided printed circuit board	1,475,211	21.21%	1,314,675	22.09%
Multi-layer printed circuit board	5,443,364	78.27%	4,616,230	77.57%
Samples and others	36,368	0.52%	20,057	0.34%
Total	6,954,943	100.00%	5,950,962	100.00%

3. The Company's current products (services)
   (1) Manufacturing of double-sided/multi-layer printed circuit boards
   (2) Trading of double-sided/multi-layer printed circuit boards

4. New products (services) planned to be developed

In recent years, consumer electronic products have developed toward a light, thin, and small-sized trend. In addition to continuing to innovate lens modules and SMD LED-derived environmental sensor products, the Company has also engaged in the R&D of high-power industrial power supplies, thick copper products, power IC copper substrates, high-speed transmission products and special-purpose automotive products. In addition, in terms of manufacturing technology, the Company has also invested in the research and development of Anylayer HDI plating technology, thick copper etching technology, characteristic impedance product control technology, and relevant processes.

(2) Industrial profile

1. Current status and development of industry

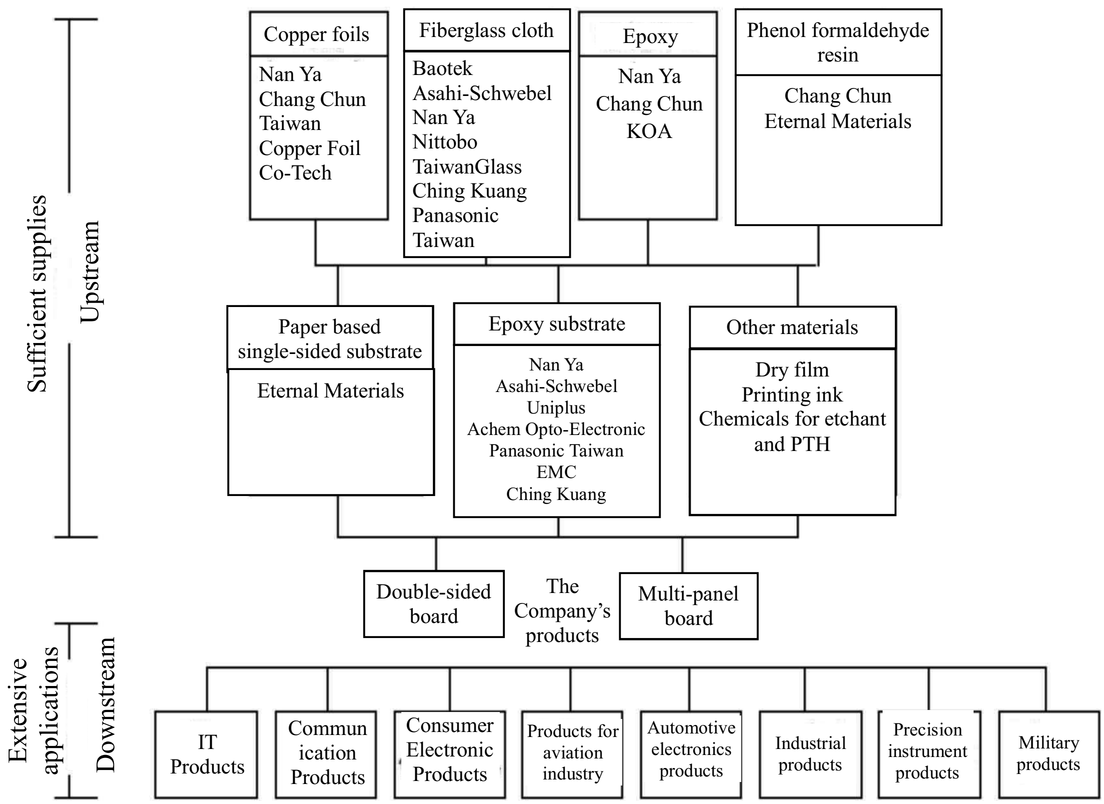
Regarding the development of the global PCB industry in 2024, the Taiwan Printed Circuit Association and the ISTI of the Industrial Technology Research Institute have compiled four key topics. They are:

1. After the supply chain interruption during the pandemic period and semiconductors became strategic supplies, countries worldwide competed to improve their semiconductor industries, which affected the PCB and substrate ecologies.
2. The launch of carbon-neutral electronic products has greatly increased the pressure on the supply chain for carbon reduction. The difference only lies in the intensity of pressure from customers and government regulations.
3. The supply chain accelerates the global arrangements, and the new PCB clusters are in Southeast Asia: From the end of 2022, under the consideration of risk diversification and expansion into new markets at the request of customers, there has been a wave of southbound investment, with Thailand, Vietnam and Malaysia as the main options.
4. In the absence of a "killer" application, the sales of end products are unlikely to grow significantly. The iterative update of product specifications will become the main growth momentum.

2. Upstream, midstream, and downstream in the industry and relations thereof

The Company is specialized in manufacture of printed circuit boards, and its products' upstream industries mainly include substrates, glass cloth, copper foil, plastic sheet, dry film, printing ink and chemical raw materials; the downstream industries thereof include IT products, communication products, consumer electronics, aviation products, automotive electronics products, industrial products, precision instrument products, and military products. Most of the materials for upstream are sufficiently supplied by domestic companies, and the applications in the downstream industry are extensive. Therefore, the system of printed circuit board industry from upstream to downstream has been developed quite completely. The following is a diagram of the structural relation between the upstream, midstream and downstream of the industry.

Relation diagram of print circuit board industry



3. Trends of product development

The growing trend of product digitalization is making our daily life more convenient. In order to meet consumers' needs, companies are pursuing technological refinement and product miniaturization. The have become the main driving force for the development of PCB products and technologies.

Taiwanese PCB companies shall develop in the following three directions:

1. Automotive electronic devices: As smart technology evolves in automobiles, automotive electronics have become a popular topic. The booming development of smart safety devices, and automotive IT, etc., has enabled cars to become more than just tools for transportation, but also proactive interfaces of "interactive relationship" between humans and vehicles.
2. Connected device hardware: Smartphones, and the audio/video devices and appliances of all sizes that are directly or indirectly connected to smartphones, will bring comprehensive and innovative applications, e.g. smart home, health and fitness management, or mobile payment. Therefore, the demand of IoT from consumers will definitely increase.
3. Green production technology: Regarding the future need of green production in the electronics industry. By connecting resources from industry/universities/institutes, a green process of ultra-narrow linewidth transfer printing and equipment technology development platform shall be established, thereby grasping the key manufacturing mechanism.

4. Competition status

Printed circuit board companies in Mainland China have been expanding rapidly in recent years. Moreover, their government targets to increase the self-sufficiency rate of high-end printed circuit boards year by year for new electronic components. Therefore, their low-price competitiveness is likely to cause Taiwanese, Japanese and Korean companies to lose the market share. As the whole red supply chain is gaining in strength, if Taiwanese printed circuit board companies want to survive, they must strive towards high-end products or even smart manufacturing.

Taiwan: To date, the PCB industry in Taiwan has been developed for many years, and its technical capability and on-time delivery are well recognized around the world. Consequently, Taiwan has a competitive advantage compared to other countries. The domestic product allocation and industrial restructuring are ongoing, including improving the technology level of HDI boards, shifting to full-layer and high-density products, expanding the production capacity of substrates, obtaining alternative product orders and transferring lower-end product orders to manufacture overseas (e.g. China and Southeast Asia). Through globalization, the cost advantage is realized, and the customer base and production are more flexible than in Korea.

China: As the world's main production base for printed circuit boards, China mainly produces multilayer boards for communication products, computer-related products and consumer electronics products.

Japan: In recent years, Japan has been proactive about investing in Southeast Asian countries. Therefore, considering resource allocation and product portfolio diversification, the domestic development of high end HDI boards, substrates and ultra-bendable/flexible boards is the main focus of Japan, and the lower end products are produced overseas instead.

Korea: The development of high-end printed circuit board products is Korea's main focus. With the rise of Korean brands, component set products in the downstream are developed by the corporate groups. Additionally, Korean government controls the exchange rate to ensure the competitiveness of Korean products.

European countries and the United States: European countries and the United States mainly produce printed circuit boards for niche markets, such as military, aviation, medical device, and automobile.

(3) Technology and R&D overview

1. Technology level

Classification		The most advanced technologies available in mass production now	The technologies most commonly used in mass production now
Line width/spacing	Inner layer	1.6mil／1.6mil	2.0mil／2.0mil
	Outer layer	1.6mil／1.6mil	2.5mil／2.5mil
Minimum hole diameter before plating	Laser drilling	3.0mil	4.0mil
	Mechanical drilling	6.0mil	8.0mil
Aspect ratio	Blind hole	1：1	0.6：1
	PTH	10：1	6：1
Width/distance of SMD pad		4mil／4mil	8mil／8mil
Number of board layers	Maximum manufacturing capacity	16 layers	12 layers
	Methodology used	One-time lamination/sequential lamination	One-time lamination
Surface finishing		Optional plating	Electroplated gold/electroless nickel immersion gold
Thin board capability		0.04mil	0.05～30mil
Large panel Capacity		20*24 inches	16*20 inches

2. Research and development expenses paid during the latest year or during the current year up to the date of publication of the annual report

Unit: NTD thousand

Year	2023	March 31, 2024
Research and development	36,711	9,728
Research and development expenses as a proportion of net revenue	0.62%	0.70%

3. Technologies or products successfully developed during the latest year or during the current year up to the date of publication of the annual report

Year	Development results	Benefits of results
2022	Enterprise class solid state drive board	Increase of revenue/profitability from new products
2022	5G Communication Module Products	Increase of revenue/profitability from new products
2023	RF Ceramic Plate Routers Products	Increase of revenue/profitability from new products
2024	Power IC copper substrates Products	Increase of revenue/profitability from new products

2024	High-power industrial thick copper Products	Increase of revenue/profitability from new products

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

1. Short-term business development plans
   (1) To improve technology for boards with more than 16 layers
   (2) Mass production of thick copper products above 4 OZ
   (3) Hybrid ceramic heat dissipating substrate products
   (4) To improve the process technology of flat panel transformer products
   (5) High power LED heat dissipating metallic board
   (6) Products of any-layer HDI plated board with microvia filling
   (7) High aspect ratio products (servers for industrial computers)

2. Short-term business development plans
   (1) To develop key materials such as high-frequency materials in order to grasp the R&D advantage and autonomy.
   (2) To develop thin circuit and ultra-thin circuit products
   (3) To develop MEMS products
   (4) CORE Components for big data collection
   (5) To develop MWS
   (6) Sensor substrates for 5G applications
   (7) Power IC copper substrates
   (8) Heat dissipating substrates for electric vehicles
   (9) Thick copper products above 10 OZ

2. Market and sales overview

(1) Market analysis

1. Geographic areas where the main products (services) of the Company are provided

Unit: NTD thousand

Year / Sales region	2022		2023	
	Net revenue	As a percentage of total net revenue (%)	Net revenue	As a percentage of total net revenue (%)
Asia	6,685,094	96.12	5,724,097	96.19
Europe	184,219	2.65	151,487	2.54
America	85,630	1.23	75,378	1.27
Net sales revenue	6,954,943	100.00	5,950,962	100.00

2. Market share, demand and supply conditions for the market in the future and market's growth potential

(1) Market share

At present, there are 34 TWSE/TPEx listed PCB companies in Taiwan. Comparing the consolidated revenue size of 2023, the total revenue of the PCB companies is approximately NT$746.2 billion, and the Company's revenue is NT$5.95 billion, representing 0.8% of the total market share.

In terms of the market share of the global PCB industry, Taiwan still ranks the highest (33%), followed by China (32%), Japan (16%) and Korea (11%). Therefore, the industry is pretty much dominated by these four countries.

(2) Demand and supply conditions for the market in the future

Regarding the end application of PCB in 2023, communication accounts for 34%, computers account for 21%, semiconductors account for 16%, automobile accounts for 13%, consumer products account for 11%, and others account for 5%.

Among the various applications, the automotive application was the only growing field in 2023 under the recession last year, with an annual growth rate of 2.8%. For communication, computers, and consumer application products, multiple blows (i.e. high inflation, high interest rates, and economic uncertainties) have resulted in a lack of consumer confidence and customers' destocking strategies, resulting in continued sluggish market demand.

Looking forward to 2024, as the inventory pressure in the end market is eased, the main application markets will enter the recovery stage. Furthermore, due to the low base period last year, it is estimated that the PCB industry is expected to resume its growth.

(3) Market's growth potential

According to the Taiwan Printed Circuit Association (TPCA), the growth momentum of the PCB industry in 2024 will come from four major reasons. First, AI applications will be extended from the cloud to the end expansions, which will further boost the demand for high-end PCB products. Secondly, the EV penetration rate is likely to increase under the promoting policy and the active exploration of overseas markets by car companies in Mainland China. Thirdly, as the inventory pressure in the end market eases, key markets (i.e. mobile phones, computers, and semiconductors) are expected to enter a recovery period. Lastly, the development of other emerging applications (satellite communication, VR/AR/MR, wearable devices). Such factors promote the growth of the PCB industry chain.

3. Competitive niche

(1) Sales strategy and target market segmentation

The Company's main products are multiple types of printed circuit boards in small quantities and small sizes by special processes. Therefore, the sales strategy and target markets are significantly different from those of the domestic TWSE/TPEx listed peer companies, which mainly produce few types of printed circuit boards in large quantities by general processes. The niche market strategy adopted by the Company is not productive and attractive to big PCB companies, and small companies have their own barriers to get into the market, thus avoiding the peer competition.

(2) Long-term cooperation and good relationship with customers

The Company's main sales targets are mostly big well-known companies in Taiwan, and the Company has maintained long-term good cooperative relationships with its customers. With good product quality, fast shipment time and complete after-sales service, the Company has established a good corporate image and reputation among its customers, thereby ensuring a stable source of orders.

(3) Division of work to three regions – taking orders based on respective profession

In 2006, the Company established its production base in Kunshan, China to provide products and services to customers nearby. In August 2010, since the Company acquired shares of APCB Electronics (Thailand) Co., Ltd., automotive printed circuit board products were included in the Company's product portfolio. Taking orders based on respective professional production capabilities, the Company and its subsidiaries enhance integration of their resources to reduce production costs so as to increase market competitiveness, thereby creating opportunities for long-term profitability for the Company.

(4) Diversification of products and customers

The Company has been producing PCBs by SMD, LED and CMOS packaging, and PCBs for NB Cam modules. In recent years, the Company has added new production capacity for touchscreen carriers, HDI boards and automotive LED lighting heat dissipating substrates. The subsidiary in Mainland China mainly produces PCBs for networks, DRAM module and batteries, and the Thai subsidiary mainly produces boards for automobiles and home appliances. As a result, the Company is able to diversify its product portfolio so that it will not be overly impacted by economic downturns in a certain industry. Moreover, by producing products for different applications, the Company can diversify its customer base and reduce the risk of concentration.

4. Positive and negative factors for future development, and response to such factors

(1) Positive factors

A. The complete industrial structure is favorable to competition in the international market

The PCB industry in Taiwan has a complete system for upstream, midstream and downstream production. In the upstream, the supply of raw materials, such as substrates and chemicals for process is sufficient, and their quality and price are competitive. In the downstream, the booming electronics industry has brought Taiwanese printed circuit board industry to a favorable position in the global market.

B. The downstream electronics industry keeps introducing new products, which increases the demand for printed circuit boards

In recent years, various kinds of electronic products are constantly being introduced, and the trend is toward portability, high speed, and multi-functionality (multimedia). With the booming development of electronic products and the trend of innovation, the demand for printed circuit boards will be even stronger in the future.

C. Complete process capability and pursuit of product quality and stability

Following the trend of industrial development in recent years, the Company keeps purchasing machines and equipment to improve the production technology for its products. Furthermore, through years of experience in production process management, the Company strives to develop new products and maintain quality stability in line with customer needs in order to enhance the added value and competitiveness of its products in the market.

(2) Negative factors and response thereto

A. Increase in labor wages and personnel costs

Due to the complexity of the PCB production process, a large number of production staff is required. Further, the rising cost of wages are increasing the operating costs.

Response:

The Company shall introduce automatic production equipment and improve the staff quality and overall productivity of the production line; in addition, the Company shall properly recruit foreign workers by legitimate means in order to reduce production costs.

B. Raising awareness of environmental protection and increasing costs for environmental protection

Industrial pollutants are likely to be generated during production of printed circuit boards. As the awareness of environmental protection increases globally, the issue of greening and environmental protection is being actively promoted. In order to meet the increasingly stringent standards of environmental protection laws and regulations, it is necessary to pay higher environmental costs.

Response:

The Company shall proactively invest in pollution prevention and control equipment in line with the environmental protection strategy. Besides this, the Company shall also continue to promote waste reduction operation in the manufacturing process in the entire factory and implement recycling so as to reduce the expenditure of environmental pollution.

C. Due to the rise of Chinese funded companies, Chinese companies may compete for orders by price war

In recent years, Chinese funded PCB companies have risen. Due to their lower labor cost and new automatic production equipment, the competition for orders is fierce.

Response:

The Company shall proactively seek and develop new customers, diversify its order sources, and develop potential niche products.

The Company shall also improve its technology and product quality in order to pursue new product production and sale opportunities. On the other hand, the Company shall strengthen its research on process automation and promptly purchase automated equipment to enhance production efficiency.

D. Changes in foreign exchange rates may affect the operating conditions and profitability

Due to the high proportion of the Company's foreign sales, any significant changes in exchange rates will affect the Company's operating condition and profitability.

Response:

The Company shall require its sales personnel to consider the impact of exchange rate changes during quotation process and promptly adjust selling prices to protect the profitability. In addition, the Company shall flexibly use forward exchange contracts to hedge the risk of adverse exchange rate fluctuations.

(2) Usage and manufacturing processes for the Company's main products

1. Main products' principal uses

Product type	Principal uses
Double-sided printed circuit board	Communication devices, infrared radiation transmission boards, LED packaging, LBM, TFT, mobile phones and computer peripherals, etc.
Multi-layer printed circuit board	Laptop components, mobile phone components, NB CAM, CMOS packaging, TFT, automotive LED headlights, industrial computer power supplies, wireless transmission, etc.

2. Printed circuit board production process

Issuance of Materials → Inner Layer Manufacturer → Black Oxide Treatment → Lamination → Drilling →

Desmearing → Black Hole Treatment or Plating Copper → Dry Film Treatment → Circuit Electroplating → Film Removing & Etching

→ Tin Stripping → Wet Film Treatment → ENIG & HASL Treatment, and Edge Connector Plating → Molding →

Testing → Visual Control → Quality Control → Packing → Shipment

(3) Supply situation for the Company's major raw materials

The Company is a professional printed circuit board company, and its main materials are substrates, copper foil, plastic sheets, dry films and various chemicals for plating. The Company's suppliers are mainly major Taiwanese companies, and they have good and stable long-term supply relationships with the Company. The suppliers of the main materials (substrates), Taiwan Union Technology and Nan Ya Plastics, are reputable Taiwanese companies with whom the Company has established long-term and stable supply relationships, and their prices can also be seen as a reference of the market price of the electronic industry. Consequently, there is no impact on the production as the Company has good access to materials.

(4) Suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the latest two years, the amounts bought from (sold to) each and an explanation of the reason for increases or decreases in the above figures

1. Information on major suppliers for the latest two years

Unit: NTD thousand

	2022				2023				Reason for changes
Item	Name	Amount	As percentage of net purchase of the year [%]	Relationship with Issuer	Name	Amount	As percentage of net purchase of the year [%]	Relationship with Issuer	
1	Nan Ya	954,486	24.93	None	Nan Ya	555,303	16.63	None	To match business needs
2	Solar	506,073	13.22	None	Solar	465,593	13.95	None	To match business needs
	Others	2,367,834	61.85	None	Others	2,317,462	69.42	None	
	Net purchase	3,828,393	100		Net purchase	3,338,358	100		

2. Information on major consumers for the latest two years

Unit: NTD thousand

	2022				2023				Reason for changes
Item	Name	Amount	As percentage of net sales of the year [%]	Relationship with Issuer	Name	Amount	As percentage of net sales of the year [%]	Relationship with Issuer	
1	S31 company	1,282,557	18.44	None	S31 company	1,002,402	16.84	None	To match business needs
2	G15 company	700,413	10.07	None	G15 company	547,973	9.21	None	To match business needs
	Others	4,971,973	71.49	None	Others	4,400,587	73.95	None	
	Net sales	6,954,943	100		Net sales	5,950,962	100		

(5) Production volume/value for the latest 2 years

Unit: NT$1,000/sq. ft.

Year / Production volume/value / Main products	2022			2023		
	Capacity	Output	Value	Capacity	Output	Value
Double-sided printed circuit board	12,300,000	4,004,261	1,446,602	12,300,000	3,298,188	1,349,286
Multi-layer printed circuit board	19,740,000	8,081,631	5,406,123	19,740,000	5,817,729	4,012,111
Samples and others	-	101,934	18,122	-	66,724	10,878
Total	32,040,000	12,187,826	6,870,847	32,040,000	9,182,641	5,372,275

(6) Volume/value of units sold for the latest 2 years

Unit: NT$1,000/sq. ft.

Year / Sales volume/value / Main products	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Double-sided printed circuit board	2,439,576	718,694	1,536,576	756,516	2,061,152	656,827	1,328,658	657,848
Multi-layer printed circuit board	2,478,987	1,568,470	5,651,787	3,874,895	2,251,905	1,493,161	4,537,591	3,123,069
Samples and others	96,445	13,444	14,527	22,924	62,859	13,099	4,248	6,958
Total	5,015,008	2,300,608	7,202,890	4,654,335	4,375,916	2,163,087	5,870,497	3,787,875

3. Human resources

March 31, 2024

Year		2022	2023	As of March 31, 2024
Number of employees	Direct labor	1,974	1,734	1,807
	Indirect labor	1,497	1,417	1,402
	Total	3,471	3,151	3,209
Average age		34.3	36.4	36.4
Average years of service		5.0	5.5	5.7
Percentage of each education level	Doctor	-	-	-
	Master	0.35%	0.41%	0.34%
	University/college	20.74%	20.76%	19.82%
	High school	41.20%	42.02%	41.67%
	Below high school	37.71%	36.81%	38.17%

4. Environmental protection expenditure

(1) Losses suffered by the Company in the latest year and up to the annual report publication date due to environmental pollution incidents

Item	Description
Audit organization:	Environmental Protection Department, New Taipei City Government
Date of penalty:	November 30, 2023
Violation of article:	Paragraph 1, Article 23 of the Air Pollution Control Act
Content of violation:	PH of display error not properly monitored
Penalty:	A fine of NT$100,000.-

(2) Estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken

The Company spent NT$1.35 million on environmental inspection and NT$0.23 million on waste disposal in 2023. It is estimated that the costs related to environmental inspection in 2024 will be approximately NT$2 million, and the waste disposal costs will be approximately NT$0.5 million. In addition, the Company will improve the maintenance of environmental protection equipment, as well as the training and management of equipment operators, and will tighten up the control of waste disposal.

5. Labor relations

(1) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor–management agreements and measures for preserving employees' rights and interests

1. Employee benefit measures

Employees are valuable resources of the Company; therefore, the Company has always been attaching importance to labor relations. In order to ensure the benefits of employees, in addition to complying with the provisions of applicable labor laws and regulations, the Company also takes various measures to take care of its employees.

(1) Employee Group Insurance.
(2) Implementation of employee salary promotion, incentive and bonus system.
(3) Employee benefits or subsidy for marriage, childbirth, death or disability
(4) Employee recreational activities
(5) Employee health checkup
(6) In-service and external vocational training for employees.
(7) Provision of meals

2. Continuing education and training for employees

The Company believes that the human resources are one of the most important assets of the Company and therefore makes great efforts to develop the capabilities of its employees. Internally, the Company organizes various training courses from time to time such as courses of professional knowledge necessary for the production line, among others. Externally, the Company promotes professional further training and certification and encourages employees to improve themselves in order to enhance the entire corporate quality.

The statistics and expenses of the Company's employees' continuing education and training for 2023 are as follows:

Education Training	Internal Training	External Training	
Person-times	3,642 Person-times	22 Person-times	28 Person-times
Expenditure	0（Note 1）	0（Note 2）	NT$92,000.-
Course Title (organizer)	◆ Process specifications and skill certification (Production Department) ◆ Chemical disaster, fire control, and wastewater emergency response training (Environmental Safety and Health Office) ◆ Regulations on fraud – whistleblowing promotion (all employees) ◆ Engineering Department: Quarterly education and training courses ◆ R&D Department: Quarterly education and training courses ◆ Production Department: Quarterly education and training courses ◆ Administration Department: Quarterly education and training courses ◆ Sales Department: Quarterly education and training courses ◆ Resource and Material Department: Quarterly education and training courses ◆ IT Department: Quarterly education and training courses ◆ Quality Assurance Department: Quarterly education and training courses ◆ Quality Control Department: Quarterly education and training courses ◆ Audit Department: Quarterly education and training courses ◆ Finance Department: Quarterly education and training courses ◆ Maintenance Division: Quarterly education and training courses ◆ Introduction to the Company's organizational regulations and safety and health education and training (Management Department/Environmental Safety and Health Office)	◆ Promotion Conference for the Adoption of International Financial Reporting Standards (IFRS) in Taiwan (TWSE) ◆ Legal Compliance for Insider Equity Transactions Seminar (TWSE) ◆ Corporate Governance Evaluation Promotion Conference (TWSE) ◆ Listed Company Business Promotion Conference (TWSE) ◆ Seminar on stock affairs (KGI Securities) ◆ Toward Net Zero Carbon Emissions – GHG Inventory in Practice (Industrial Development Bureau, Ministry of Economic Affairs) ◆ Workplace Ergonomic Hazards Prevention Promotion (Office of Labor Inspection, Taoyuan City) ◆ On-the-job training for waste treatment personnel (Taiwan Air Quality Health and Safety Association) ◆ Onboarding training for class A waste treatment personnel (Taiwan Air Quality Health and Safety Association) ◆ Planning and Guidelines for the Quantification and Reporting of GHG Emissions and Removal (Centre Testing International Group, CTI)	◆ Continuing Education Course for Chief Accountant (Accounting Research and Development Foundation) ◆ How to Use Big Data to Enhance Auditing Operations (The Institute of Internal Auditors – Chinese Taiwan) ◆ Orientation workshop for first-time internal auditors (The Institute of Internal Auditors – Chinese Taiwan) ◆ Case Analysis for Corporate Disclosure of Material Information and Asset Emptying (Securities and Futures Institute) ◆ Seminar for the Latest Corporate Governance Development Roadmap and Evaluation (Securities and Futures Institute) ◆ ESG Information Disclosure Strategy Course under the Sustainable Trend (Securities and Futures Institute) ◆ Legal Liability of Employees for Fraud and Internal Control and Internal Audit Practice Course (Accounting Research and Development Foundation) ◆ Payroll Fraud Prevention and Auditing Practice Course (Taiwan Development & Research Academia of Economic & Technology) ◆ How to Audit ESG Risks and Present Effective Audit Reports (Taiwan Development & Research Academia of Economic & Technology) ◆ Effects of Financial Accounting on Tax Filing (KPMG Education Foundation) ◆ Enterprise Cost Optimization and Operational Model Transformation under the Net Zero Trend (KPMG Education Foundation) ◆ Onboarding training course for class A air pollution control personnel (ITRI) ◆ Hazardous operation retraining course (Labor Disaster Prevention Association) ◆ Occupational safety and health personnel education and training (Industrial Safety and Health Association) ◆ Continuing education and training courses on radiation protection (Tzu-Bao Foundation) ◆ Ionizing radiation protection operator training (Radiation Protection Association R.O.C.) ◆ SGS Measurement and Calibration Management Foundation and Measurement System Application Practices (SGS)

Note 1: The internal training instructors are all employees of the Company; therefore, there is no expense.

Note 2: These kinds of training are free courses for dissemination; therefore, there is no expense.

3. Retirement system and implementation thereof

In 2005, the Company conducted a survey to find out whether current employees would prefer the new system or the old system, in light of the enforcement of the Labor Pension Act.

For those who choose the old system, the Company allocates 2% of their salaries as retirement reserve in accordance with the Labor Standards Act every month. The amounts are deposited in the name of the Labor Pension reserve Supervisory Committee of the Company in the Bank of Taiwan, which is responsible for the receipt, custody and application of the reserve. In 2023, 22 employees applied for retirement, and their pensions were paid from the special account of Bank of Taiwan.

For those who choose the new system or join the Company after July 1, 2005, the Company allocates a monthly labor pension of not less than 6% of the employees' monthly salaries in accordance with the Labor Pension Act. The amounts are deposited in the individual labor pension accounts set up by the Bureau of Labor Insurance, and all other related matters are handled in accordance with the provisions of regulations.

4. Labor–management agreements and measures for preserving employees' rights and interests

The Company's labor relation has always been harmonious. Issues between employers and employees are always handled through communication and coordination. Consensus between the management and the employees is required to be reached so that all work can be carried out successfully.

(1) Meeting of each department: Through this meeting, the management and the employees can communicate adequately, so that the employees can fully understand the production operation, safety and health, and quality control, and promptly express their thoughts, thus reaching consensus.

(2) Meeting of employee benefit committee: Through this meeting, the management and employees can discuss various benefit measures to strengthen the relationship between them, which can be used as a reference source for administrative management.

5. Employee conduct or code of ethics

(1) In order to guide directors, supervisors, managers and employees to behave in an ethical manner, the Company has established a "Code of Ethical Conduct," which stipulates the following: prevention of conflict of interest, avoidance of self-interest opportunity, confidentiality responsibility, fair trade, protection and proper use of corporate assets, and disciplinary measures, etc. The Code is posted on the Market Observation Post System\Corporate Governance\Corporate Governance Related Regulations and Rules and the Company's electronic document management system, which are available for all employees at any time for compliance.

(2) The Company has set up its "work rules," which stipulate the following: working hours, notices of attendance and leave, dress and grooming

regulations, remuneration regulations, reward/punishment and promotion system, service discipline, and other management regulations, etc. These rules are published in the Company's electronic document management system and are available for all employees at all times. Besides this, these rules can be used as a behavior guideline for employees to follow in their day-to-day work.

(3) The Company has established "Sexual Harassment Prevention Measures" for all employees to follow in order to ensure gender equality at work and to provide an environment free from sexual harassment for employees.

6. Protection measures for workplace and employee safety

(1) Occupational health and safety management system

To prevent the occurrence of occupational safety incidents, provide a friendly working environment, and protect the safety of its and contractors' employees, the Company has introduced an occupational safety and health management system and obtained the ETC ISO 45001:2018 certificate in 2019. The current validity is from July 2, 2022 to July 1, 2025.

(2) Work safety performance

The Company has established an Occupational Safety and Health Office to be responsible for occupational safety audits. It conducts various occupational safety registrations, audits, and improvement recommendations as a reference for all units. In 2023, there were two minor injuries to employees and contractors, and there were no major industrial safety incidents or non-compliance fines.

(3) Protective measures

Item	Description
Access control security	1. Security guards are stationed at all times to control the access of people and vehicles. 2. Safety patrols are performed at night to check if there are any abnormalities in the facility.
Occupational disaster prevention measures	1. The Company has established its "labor safety and health work rules" and "procedures to response severe incidents," which stipulate handling details and procedures. 2. In order to maintain the safety and health of the employees, the Company's environmental safety office has a class 1 labor safety and health supervisor and two labor safety and health administrators, who have been registered at the North District Labor Inspection Office. 3. The Company invites the competent fire authorities to conduct fire safety and disaster prevention training every year.
On-site operating environment measurement	Every six months, the Company appoints a qualified workplace inspection institute to conduct regular workplace inspections for chemical factors, such as carbon dioxide, organic solvents, dust, and certain

Item	Description
	chemical substances; and physical factors, such as noise and WBGT, to determine whether the inspection results meet the requirements of the law. If there are any abnormalities, the Company will make improvements.
Equipment maintenance and inspection	When employees are working in different operating environments, processes and operations, they may get injured due to unsafe operations, equipment or management. In this regard, the Company proactively implements automatic inspections. By promoting this measure, potential hazards are expected to be discovered, improved and effectively controlled. The automatic inspection items of the Company include equipment, raw material usage, workplace environment, operation of machinery, etc. Regarding the equipment, it includes high/low voltage electrical equipment and type 2 pressure vessel, etc.; regarding the machinery, it includes forklift, elevator, lamination machine, etching machine, drilling machine, etc.
Health care and management	1. Health checkups: General or special health checkups are held for the current employees. 2. Environmental hygiene: The workplace is completely smoke-free pursuant to the regulations. Further, health seminars and 6S activities are held from time to time. 3. The Company has an on-site nurse, and a physician is assigned to provide health consultation or service at the facility every month.

7. Certificates designated by the competent authorities held by the Company's personnel related to transparency of financial information

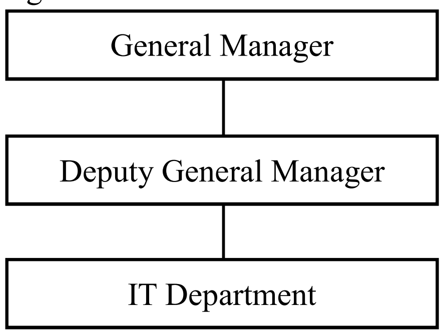
Certificate	Finance and accounting personnel	Audit personnel
Bookkeeper certificate issued by the Ministry of Examination	1 person	
Certificate of level C technician for accounting issued by the Council of Labor Affairs, Executive Yuan	1 person	
Finance specialist certificate issued by Taiwan Academy of Banking and Finance	2 persons	
Certificate of professional competence for stock affair specialists issued by the SFI	1 person	

(2) Losses suffered by the Company in the latest year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: none.

6. Cyber security management

(1) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

1. Cyber security risk management framework



2. Cyber security policy

The Company shall strengthen its employees' awareness of cyber security and establish the concept of "cyber security is everyone's responsibility." Preemptive security shall be established to reduce the risk of unauthorized use or damage to the Company's information. Therefore, when an information security incident occurs, essential response actions can be taken quickly to restore normal operations in the shortest possible time so as to reduce potential damage.

3. Concrete management programs

Key management	Control measures
Identification	Operation environment and critical resources and services, shall be reviewed, e.g. establishing information security regulations and risk management strategies.
Protection	Relevant protection measures shall be established and implemented, and critical resources and services shall be enhanced, including identity and access management, anti-virus software, system repair management
Detection	Real-time detection and warning systems for security incidents shall be established, including email protection system, intrusion detection system.
Recovery	A data backup plan shall be developed so that if a security incident occurs, normal operations can be resumed in the shortest possible time.

4. Investments in resources for cyber security management.

The Company's investment in information security management includes server warranty, LAN storage server warranty, backup software warranty, network firewall, etc. The Company's investment in information security management in 2023 is approximately NT$1.5 million.

(2) Losses suffered by the Company in the latest year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken

There are no major deficiencies in the Company's 2023 information security-related audits, no breaches of information security, and no significant information security incidents such as information leaks and fines.

7. Important contracts

Nature of contract	Status of the Party	Commencement and termination dates of contract	Major content	Restrictive provisions
Long-term loan	Bank of Taiwan	December 22, 2022–December 31, 2027	Unsecured loan	None
Lease contract	Lai, Chin-Tsai	January 1, 2024–December 31, 2024	Lease for land of Chun-Ying Factory	None
Lease contract	Lai, Hung-Shu	January 1, 2024–December 31, 2025	Lease for dormitory of Chun-Ying Factory	None
Lease contract	Lai, Hung-Lun	January 1, 2024–December 31, 2025	Lease for dormitory of Chun-Ying Factory	None
Lease contract	Wang, I-Hsuan Wang, Li-Ya Wang, Ching-I	August 1, 2023–December 31, 2026	Lease for land of parking lot of Chun-Ying Factory	None
Lease contract	Hsin Nan Dyeing Weaving & Finishing Co., Ltd.	December 1, 2021–November 30, 2026	Lease of land and buildings of Chun-Ying Factory 3	None

VI. Overview of financial status

1. Condensed balance sheets and statements of comprehensive income for the latest five years

(1) Condensed balance sheets

1. Condensed Balance Sheet - Under International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year		Financial analyses for the latest five years (Note)				
		2019	2020	2021	2022	2023
Current assets		6,386,052	6,792,755	6,720,618	6,388,148	6,815,114
Property, plant and equipment		2,934,088	2,643,008	2,318,289	2,157,224	1,902,886
Intangible assets		8,219	11,251	10,197	10,001	9,997
Other assets		272,099	276,865	277,552	202,406	170,961
Total assets		9,600,458	9,723,879	9,326,656	8,757,779	8,898,958
Current liabilities	Before distribution	5,251,725	5,718,140	5,349,810	4,806,842	5,014,234
	After distribution	5,507,564	5,798,090	5,517,704	4,886,792	Note 2
Noncurrent liabilities		574,628	547,831	403,985	334,299	321,596
Total liabilities	Before distribution	5,826,353	6,265,971	5,753,795	5,141,141	5,335,830
	After distribution	6,082,192	6,345,921	5,921,689	5,221,091	Note 2
Equity attributable to owners of the parent company		3,774,105	3,457,908	3,572,861	3,616,638	3,563,128
Share capital		1,598,993	1,598,993	1,598,993	1,598,993	1,598,993
Capital surplus		418,929	418,929	418,929	418,929	418,929
Retained earnings	Before distribution	1,949,136	1,608,833	1,770,661	1,642,683	1,615,241
	After distribution	1,693,297	1,528,883	1,602,767	1,562,733	Note 2
Other equity		-192,953	-168,847	-215,722	-43,967	-70,035
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	3,774,105	3,457,908	3,572,861	3,616,638	3,563,128
	After distribution	3,518,266	3,377,958	3,404,967	3,536,688	Note 2

Note 1: All financial information for the latest five years has been audited by CPAs.

Note 2: The amounts are to be resolved at the 2024 shareholders' meeting.

2. Condensed Parent Company Only Balance Sheet - Under International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year		Financial analyses for the latest five years (Note)				
		2019	2020	2021	2022	2023
Current assets		2,541,472	2,767,630	2,559,343	2,693,670	2,480,161
Property, plant and equipment		287,091	287,857	350,695	322,210	282,286
Intangible assets		906	1,475	1,436	343	1,150
Other assets		3,606,830	3,795,281	3,554,701	3,299,814	3,328,541
Total assets		6,436,299	6,852,243	6,466,175	6,316,037	6,092,138
Current liabilities	Before distribution	2,153,409	2,913,094	2,559,203	2,575,076	2,411,874
	After distribution	2,409,248	2,993,044	2,727,097	2,655,026	Note 2
Noncurrent liabilities		508,785	481,241	334,111	124,323	117,136
Total liabilities	Before distribution	2,662,194	3,394,335	2,893,314	2,699,399	2,529,010
	After distribution	2,918,033	3,474,285	3,061,208	2,779,349	Note 2
Equity attributable to owners of the parent company		3,774,105	3,457,908	3,572,861	3,616,638	3,563,128
Share capital		1,598,993	1,598,993	1,598,993	1,598,993	1,598,993
Capital surplus		418,929	418,929	418,929	418,929	418,929
Retained earnings	Before distribution	1,949,136	1,608,833	1,770,661	1,642,683	1,615,241
	After distribution	1,693,297	1,528,883	1,602,767	1,562,733	Note 2
Other equity		-192,953	-168,847	-215,722	-43,967	-70,035
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	3,774,105	3,457,908	3,572,861	3,616,638	3,563,128
	After distribution	3,518,266	3,377,958	3,404,967	3,536,688	Note 2

Note 1: All financial information for the latest five years has been audited by CPAs.

Note 2: The amounts are to be resolved at the 2024 shareholders' meeting.

(2) Condensed statements of comprehensive income

1. Condensed Statement of Comprehensive Income - Under International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year	Financial analyses for the latest five years (Note)				
	2019	**2020**	**2021**	**2022**	**2023**
Operating revenue	7,917,468	8,308,167	9,104,032	6,954,943	5,950,962
Gross profit	1,134,074	986,869	1,264,734	510,435	580,802
Profit (loss) from operations	372,285	233,098	476,371	-142,702	-70,046
Non-operating income and expenses	103,097	-314,762	-153,377	176,482	149,340
Net profit before income tax	475,382	-81,664	322,994	33,780	79,294
Net profit from continuing operations for the period	354,752	-83,160	240,415	34,874	54,307
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	354,752	-83,160	240,415	34,874	54,307
Other comprehensive income for the period (net of income tax)	-125,046	22,802	-45,512	176,797	-27,867
Total comprehensive income/loss for the period	229,706	-60,358	194,903	211,671	26,440
Net profit attributable to owners of the parent	354,752	-83,160	240,415	34,874	54,307
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income/loss attributable to owners of the parent	229,706	-60,358	194,903	211,671	26,440
Total comprehensive income/loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share	2.22	-0.52	1.50	0.22	0.34

Note: All financial information for the latest five years has been audited by CPAs.

2. Condensed Parent Company Only Statement of Comprehensive Income - Under International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year	Financial analyses for the latest five years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	1,886,424	2,251,430	2,372,069	1,434,909	1,280,685
Gross profit	132,362	144,629	247,732	-107,828	-35,284
Profit (loss) from operations	-44,366	9,995	80,966	-210,646	-147,951
Non-operating income and expenses	489,978	-113,782	219,894	255,074	232,858
Net profit before income tax	445,612	-103,787	300,860	44,428	84,907
Net profit from continuing operations for the period	354,752	-83,160	240,415	34,874	54,307
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	354,752	-83,160	240,415	34,874	54,307
Other comprehensive income for the period (net of income tax)	-125,046	22,802	-45,512	176,797	-27,867
Total comprehensive income/loss for the period	229,706	-60,358	194,903	211,671	26,440
Net profit attributable to owners of the parent	354,752	-83,160	240,415	34,874	54,307
Net profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income/loss attributable to owners of the parent	229,706	-60,358	194,903	211,671	26,440
Total comprehensive income/loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share	2.22	-0.52	1.50	0.22	0.34

Note: All financial information for the latest five years has been audited by CPAs.

(3) Names and opinions of CPAs for the latest five years

Year	CPA firm	CPAs	Audit opinion	Remarks
2019	KPMG	Kuan, Chun-Hsiu and Lu, Li-Li	Unqualified opinion	—
2020	KPMG	Chang, Chun-I and Kuan, Chun-Hsiu	Unqualified opinion	—
2021	KPMG	Chang, Chun-I and Kuan, Chun-Hsiu	Unqualified opinion	—
2022	KPMG	Chang, Chun-I and Kuan, Chun-Hsiu	Unqualified opinion	—
2023	KPMG	Chao, Min-Ru and Lu, Li-Li	Unqualified opinion	—

2. Financial analyses for the latest five years

(1) Financial analysis - under International Financial Reporting Standards

Analyzed item / Year		Financial analyses for the latest five years (Note)				
		2019	2020	2021	2022	2023
Capital structure (%)	Debt-to-asset ratio	60.69	64.44	61.69	58.70	59.96
	Long-term fund to property, plant and equipment ratio	148.21	151.56	171.54	183.15	204.15
Solvency (%)	Current ratio	121.60	118.79	125.62	132.90	135.92
	Quick ratio	105.32	101.43	101.76	118.06	123.86
	Interest coverage ratio	5.27	-0.01	6.61	1.43	1.65
Operating ability	Accounts receivable turnover (times)	3.14	3.24	3.29	3.01	3.45
	Average collection days	116.36	112.65	111.05	121.23	105.93
	Inventory turnover (times)	8.39	8.10	7.01	6.56	8.35
	Accounts payable turnover (times)	6.65	6.97	7.95	8.26	8.66
	Average inventory turnover days	43.53	45.06	52.09	55.62	43.73
	Property, plant and equipment turnover (times)	2.62	2.98	3.67	3.11	2.93
	Total asset turnover (times)	0.76	0.86	0.96	0.77	0.67
Profitability (%)	Return on assets	4.21	-0.04	2.97	1.29	1.56
	Return on equity	9.19	-2.30	6.84	0.97	1.51
	Pre-tax income to paid-in capital ratio	29.73	14.58	20.20	2.11	4.96
	Net margin	4.48	-1.00	2.64	0.50	0.91
	Earnings per share ($)	2.22	-0.52	1.50	0.22	0.34
Cash flow (%)	Cash flow ratio	23.90	0.50	1.39	34.69	1.93
	Cash flow adequacy ratio	146.01	126.56	91.60	132.45	119.22
	Cash flow reinvestment ratio	8.70	-2.29	-0.06	14.49	0.16
Leverage	Operating leverage	7.45	11.54	6.33	-13.60	-26.63
	Financial leverage	1.43	1.53	1.14	0.64	0.37

Please explain changes in financial ratios over the latest 2 years (If change is less than 20%, analysis is not required)

1. Inventory turnover and Average inventory turnover days: The ratio was affected by the decrease in operating costs, which in turn affected the ratio.
2. Profitability (five items): The net profit increase due to the decrease in operating costs, which in turn affected the ratio.
3. Cash flow (three items): The ratio was affected by the decrease in net cash flow generated from operating activities.
4. leverage (two items): The was caused by the decrease in revenue, which in turn affected the ratios.

Note: All financial information for the latest five years has been audited by CPAs.

(2) Parent company only financial analysis - under International Financial Reporting Standards

Analyzed item \ Year		Financial analyses for the latest five years (Note)				
		2019	2020	2021	2022	2023
Capital structure (%)	Debt-to-asset ratio	41.36	49.54	44.75	42.74	41.51
	Long-term fund to property, plant and equipment ratio	1,491.82	1,368.44	1,114.07	1,161.03	1,303.74
Solvency (%)	Current ratio	118.02	95.01	100.01	104.61	102.83
	Quick ratio	105.58	84.72	86.84	99.44	97.42
	Interest coverage ratio	15.26	-2.71	13.47	2.43	2.94
Operating ability	Accounts receivable turnover (times)	2.32	2.57	2.59	2.11	3.17
	Average collection days	157.66	141.95	140.77	172.87	115.21
	Inventory turnover (times)	7.82	7.80	6.93	6.82	10.81
	Accounts payable turnover (times)	4.56	4.61	5.27	5.30	5.14
	Average inventory turnover days	46.66	46.80	52.65	53.55	33.78
	Property, plant and equipment turnover (times)	6.23	7.83	7.43	4.26	4.24
	Total asset turnover (times)	0.26	0.34	0.36	0.22	0.21
Profitability (%)	Return on assets	5.32	-0.91	3.90	0.93	1.33
	Return on equity	9.19	-2.30	6.84	0.97	1.51
	Pre-tax income to paid-in capital ratio	27.87	-6.49	18.82	2.78	5.31
	Net margin	18.81	-3.69	10.14	2.43	4.24
	Earnings per share ($)	2.22	-0.52	1.50	0.22	0.34
Cash flow (%)	Cash flow ratio	-8.53	-10.38	-9.96	26.53	2.41
	Cash flow adequacy ratio	1.15	-20.00	-26.11	3.13	0.02
	Cash flow reinvestment ratio	-34.95	-46.71	-24.02	35.23	-1.64
Leverage	Operating leverage	-10.90	51.37	7.57	-0.99	-1.31
	Financial leverage	0.59	-0.55	1.42	0.87	0.77

Please explain changes in financial ratios over the latest 2 years (If change is less than 20%, analysis is not required)

1. Interest coverage ratio: The ratio was affected by the net income after tax for the period.
2. Profitability (five items): The net profit increase due to the decrease in operating costs, which in turn affected the ratio.
3. Cash flow (three items): The ratio was affected by the decrease in net cash flow generated from operating activities.
4. Operating leverage: The was caused by the decrease in revenue, which in turn affected the ratios.

Note: All financial information for the latest five years has been audited by CPAs.

The formulas for financial analysis are listed as follows:

1. Capital structure
   (1) Debt-to-asset ratio = Total liabilities / Total assets.
   (2) Long-term fund to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expense) / Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense of the period.
3. Operating Ability
   (1) Accounts receivable turnover (Including accounts receivable and notes receivable arising from operations) = Net sales / Average balance of accounts receivable (Including accounts receivable and notes receivable arising from operations) of each period.
   (2) Average collection days = 365 / Receivables turnover.
   (3) Inventory turnover = Cost of goods sold / Average inventory.
   (4) Average payment turnover (Including accounts receivable and notes receivable arising from operations) = Cost of goods sold / Average balance accounts payables (Including accounts receivable and notes receivable arising from operations) of each period.
   (5) Average inventory turnover days = 365 / Inventory turnover.
   (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment.
   (7) Total asset turnover = Net sales / Average total assets.
4. Profitability
   (1) Return on assets ＝ [Net profit + Interest expense (1 - Tax rate)] / Average total assets.
   (2) Return on equity = Net profit after tax / Average total equity
   (3) Net income before tax to paid-in capital ratio / Net income before tax / paid-in capital
   (4) Net margin = Profit (loss) after tax / Net sales.
   (5) Earnings per share = (Net profit (loss) attributable to owners of the parent - Preferred share dividends) / Weighted average of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = Net cash flow generated from operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = Five-year sum of net cash flow generated from operating activities / Five-year sum of capital expenditure + inventory additions + cash dividends).
   (3) Cash flow reinvestment ratio = (Net cash flow generated from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital). (Note)

6. Leverage
    (1) Operating leverage = (Net sales - Variable operating costs and expenses) / Profit from operations.
    (2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

When measuring for cash flow analysis, special attention should be paid to the following.

1. Net cash generated from operating activities is the net cash inflow from operating activities listed in the cash flow statement.
2. Capital expenditure is the annual cash outflow from capital investments.
3. Inventory additions are included only when the ending balance is greater than the opening balance. If there is a decrease in inventory at the end of a year, it is calculated as zero.
4. Cash dividends include cash dividends from common shares and preferred shares.
5. Gross property, plant and equipment is the total amount of property, plant and equipment before deducting accumulated depreciation.

3. Audit Committee Report for the latest year

APCB INC.
Audit Committee Report

The board of directors has prepared the Company's 2023 Business Report, Financial Statements, and earnings allocation proposal. The CPA firm of KPMG was retained to audit the company's financial statements and has issued an audit report. The foregoing business report, financial statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the audit committee members. According to applicable requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report

To

2024 Annual Shareholders' Meeting of APCB INC.

APCB INC.
Convener of Audit Committee: Chang, Hui

March 8, 2024

4. Financial statement for the latest year

Independent Auditors' Report

To Board of Directors, APCB INC.

Audit opinions

We have audited the accompanying consolidated financial statements of APCB INC. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of January 1 to December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies as of January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned consolidated financial statements fairly present in all material respects the financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for each of the years starting January 1 and ending December 31, 2023 and 2022 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 entrusted Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics and perform other obligations of such 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 of the Group for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by our accountants to be stated on the auditors' report are as follows:

1. Recognition of revenue

   Please refer to Note 4 (13) in the consolidated financial statements for the accounting policy of the recognition of revenue; please refer to Note 6 (20) in the consolidated financial statements for the disclosure of revenue items.

   Description of key audit matters:

Sales revenue is one of the key indicators for the investors and the management to assess the financial or business performance of the Group. In addition, the Group is a TWSE listed company, which receives high attention from investors. In addition, the judgment of the timing of revenue recognition and the transfer of control of goods are extremely important for the fair presentation of the financial statements. Therefore, we consider revenue recognition as one of the key audit matters in auditing the current year's financial report.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

- Conduct tests on the effectiveness of the design and implementation of internal control related to the recognition of revenues, including randomly selecting samples to verify the basic information, transaction terms, and payment receipts of customers.
- Conduct trend analysis on the top 10 customers in terms of sales, including comparing the customer list and the amount of sales revenue in the current period, last period, and the same period in the previous year, to analyze whether or not there is any significant abnormality. In case of any significant changes, we will verify them and analyze the causes.
- Randomly inspect the annual sales transactions to assess the truthfulness of sales transactions, the correctness of recognition amount of the sales revenue, and the reasonableness of the time being recognized.
- Test the samples of sales transactions prior to and after the end of the fiscal year to assess whether or not the timing of recognizing the revenue is appropriate.

2. Impairment assessment on property, plant and equipment

Please refer to Note 4 (12) Impairment of non-financial assets in the consolidated financial reports for the accounting policy for the impairment of property, plant and equipment; please refer to Note 5 of the consolidated financial reports for the accounting estimates and assumption uncertainty of the impairment of property, plant and equipment; please refer to Note 6 (9) of the consolidated financial reports for the description on the assessment on the impairment of property, plant and equipment.

Description of key audit matters:

The Group's subsidiary in Thailand holds property and a significant amount of manufacturing equipment. Where the profit is less than expected due to poor operating performance or other unexpected conditions, the book value of the assets might be overestimated. Therefore, the assets may be at significant risk of impairment. During the assessment on the impairment of assets, it involved the subjective judgment of the management to determine the estimate of the recoverable amount is based on the assumption. Any change in the economics or the change in the estimate of the Company's strategy may cause significant impairment loss from significant impairments or reversals. Therefore, we regard the assessment on the impairment of property, plant and equipment as one of the most significant audit matters in this year's audit.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

· Obtained the description on the impairment on the sign of impairment based on the self-assessment by the management.
· Obtained the appraisal report from the external expert delegated by the management.
· Assessed the reasonableness of the methods and data adopted by the management when measuring the recoverable amount of assets and delegated the internal expert to assess the valuation method and significant assumption used in the appraisal report.
· Assessed the reasonableness of the recognition of impairment loss.

Other matters

APCB INC. has prepared the 2023 and 2022 parent company only financial reports, and we have presented unqualified audit report for reference.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is also 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 supervisors and Audit Committee, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due

to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 ability of the Group to continue as a going concern. In cases where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the consolidated financial statements is required to be provided in our audit report to allow users of consolidated financial statements to be aware of such events or circumstances, 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 relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the individual entities of the Group, and express an opinion on consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the consolidated financial statements.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

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

KPMG Taiwan

CPA:	Min-Ru Chao Li-Li Lu
Securities Competent Authority Approval number:	Jin-Guan-Cheng-Shen-Zi Letter No. 1050036075 Jin-Guan-Cheng-Liu-Zi Letter No. 0940100754

March 8, 2024

APCB Inc.
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NTD thousand

Code	Asset	2023.12.31 Amount	%	2022.12.31 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (Note 6 (1))	$ 3,853,164	43	3,698,350	42
1110	Financial assets at fair value through profit or loss (FVTPL) – Current (Note 6 (2))	564,793	6	59,320	1
1150	Net notes receivable (Note 6 (5) and (20))	5,008	-	2,662	-
1170	Net accounts receivable (Note 6 (5), (12), (20) and 8)	1,646,553	20	1,799,966	21
1200	Other receivables (Note 6 (6))	52,995	1	64,560	1
1220	Current tax assets	64,296	1	26,997	-
130x	Inventories (Note 6 (7))	587,153	7	699,589	8
1479	Other current assets	41,152	-	36,704	-
	Total current assets	6,815,114	78	6,388,148	73
15xx	**Non-current assets:**				
1520	Financial assets through other comprehensive income at FVTPL – Non-current (Note 6 (3))	24,795	-	24,795	-
1536	Financial assets measured at amortized cost – Non-current (Note 6 (4), (12) and 8)	3,095	-	3,052	-
1600	Property, Plant and Equipment (Note 6 (9), (12), (14), 7, 8, and 9)	1,902,886	21	2,157,224	25
1755	Right-of-use assets (Note 6 (10), (12), (15), 7, and 8)	84,235	1	99,515	1
1780	Intangible assets (Note 6 (11))	9,997	-	10,001	-
1840	Deferred tax assets (Note 6 (17))	40,818	-	50,926	1
1990	Other non-current assets	18,018	-	24,118	-
	Total non-current assets	2,083,844	22	2,369,631	27
1xxx	**Total assets**	$ 8,898,958	100	8,757,779	100

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
21xx	**Current liabilities:**				
2100	Short-term borrowings (Note 6 (4), (5), (9), (10), (12), 7, 8, and 9)	$ 3,698,832	42	3,389,027	39
2110	Short-term notes payable (Note 6 (13))	149,840	2	149,894	2
2150	Notes payable	95,964	1	89,813	1
2170	Accounts payable	500,320	6	554,549	7
2209	Other payables (Note 6 (21))	428,356	5	431,396	5
2213	Equipment payable	39,589	-	39,100	-
2230	Current tax liabilities	-	-	27,869	-
2280	Lease liabilities – Non-current (Note 6 (15) and 7)	6,950	-	14,163	-
2322	Long-term borrowings mature within a year (Note 6 (9), (14), 8, and 9)	12,403	-	16,837	-
2365	Refund liabilities – Current	36,708	-	38,555	-
2399	Other current liabilities (Note 6 (20))	45,272	1	55,639	1
	Total current liabilities	5,014,234	57	4,806,842	55
25xx	**Non-current liabilities:**				
2540	Long-term borrowings (Note 6 (9), (14), 8, and 9)	74,418	1	99,463	1
2570	Deferred tax liabilities (Note 6 (17))	75,950	1	62,964	1
2580	Lease liabilities – Non-current (Note 6 (15) and 7)	67,430	1	74,754	1
2630	Long-term deferred income (Note 6 (9))	5,233	-	6,252	-
2640	Net defined benefit liabilities – Non-current (Note 6 (17))	36,785	-	34,324	-
2645	Guarantee deposit	61,780	1	56,542	1
	Total non-current liabilities	321,596	4	334,299	4
2xxx	**Total Liabilities**	5,335,830	61	5,141,141	59
31xx	**Equity attributable to owners of the parent company (Note 6 (8) and (18)):**				
3110	Common share capital	1,598,993	18	1,598,993	18
3200	Capital surplus	418,929	5	418,929	5
33xx	Retained earnings:				
3310	Legal reserve	618,503	7	614,511	7
3320	Special reserve	43,967	-	215,722	2
3350	Unappropriated retained earnings	952,771	10	812,450	9
	Subtotal of retained earnings	1,615,241	17	1,642,683	18
34xx	Other equities:				
3410	Exchange Differences on Translation of Foreign Financial Statements	(77,479)	(1)	(51,411)	-
3420	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	7,444	-	7,444	-
	Total other equities:	(70,035)	(1)	(43,967)	-
3xxx	**Total equity**	3,563,128	39	3,616,638	41
2-3xxx	**Total liabilities and equities**	$ 8,898,958	100	8,757,779	100

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB Inc.
Statements of Consolidated Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 (20)):**	$ 5,950,962	100	6,954,943	100
5111	**Operating costs (Note 6 (7), (9), (10), (11), (15), (16), and 12)**	5,370,160	90	6,444,508	93
5950	**Gross profit**	580,802	10	510,435	7
6000	**Operating expenses (Note 6 (5), (9), (10), (11), (15), (16), (21), 7 and 12):**				
6100	Selling expenses	200,761	3	217,663	3
6200	Administrative expenses	456,611	8	438,547	6
6450	Losses on Expected Credit Impairment (gains from reversal)	(6,524)	-	(3,073)	-
	Total operating expenses	650,848	11	653,137	9
6900	**Income from operations**	(70,046)	(1)	(142,702)	(2)
7000	**Non-operating income and expense (Note 6 (2), (3), (8), (9), (10) (15), (22), 7):**				
7100	Interest income	114,601	2	22,159	-
7010	Other income	88,673	1	54,949	1
7020	Other gains or losses	67,466	1	178,828	3
7050	Financial costs	(121,400)	(2)	(79,454)	(1)
	Total non-operating incomes and expenses	149,340	2	176,482	3
7900	**Net income before tax**	79,294	1	33,780	1
7950	**Less: Tax expenses (Note 6 (17))**	24,987	-	(1,094)	-
8200	**Current period net profit**	54,307	1	34,874	1
8300	**Other comprehensive income (Note 6 (8), (16), (17), and (18)):**				
8310	**Items not reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit programs	(2,249)	-	6,303	-
8349	Less: Income taxes related to the items not reclassified	(450)	-	1,261	-
	Total amount of items not reclassified subsequently to profit or loss	(1,799)	-	5,042	-
8360	**Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss:**				
8361	Exchange Differences on Translation of Foreign Financial Statements	(32,575)	(1)	214,694	4
8399	Less: Income taxes related to the items that may be reclassified	(6,507)	-	42,939	1
	Total Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss	(26,068)	(1)	171,755	3
8300	**Comprehensive income in the current period**	(27,867)	(1)	176,797	3
8500	**Total comprehensive income in the current period**	$ 26,440	-	211,671	4
	Earnings per share (Unit: NTD) (Note 6 (19))				
9750	Basic earnings per share	$	0.34		0.22
9850	Diluted earnings per share	$	0.34		0.22

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia Managerial Officer: Lai, Jin-Tsai Accounting Officer: Tsai, Cheng-Hong

APCB Inc.

Statements of Changes in Consolidated Equity

From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Equity attributed to the owner of the parent company									
			Retain earnings				Other equities components			
	Common share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	Total	Total equity
Balance as of January 1, 2022	$ 1,598,993	418,929	590,470	168,847	1,011,344	1,770,661	(223,166)	7,444	(215,722)	3,572,861
Earnings appropriation and distribution:										
Set aside legal reserve	-	-	24,041	-	(24,041)	-	-	-	-	-
Set aside special reserve	-	-	-	46,875	(46,875)	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(167,894)	(167,894)	-	-	-	(167,894)
Current period net profit	-	-	-	-	34,874	34,874	-	-	-	34,874
Comprehensive income in the current period	-	-	-	-	5,042	5,042	171,755	-	171,755	176,797
Total comprehensive income in the current period	-	-	-	-	39,916	39,916	171,755	-	171,755	211,671
Balance as of December 31, 2022	1,598,993	418,929	614,511	215,722	812,450	1,642,683	(51,411)	7,444	(43,967)	3,616,638
Earnings appropriation and distribution:										
Set aside legal reserve	-	-	3,992	-	(3,992)	-	-	-	-	-
Reversal of special reserve	-	-	-	(171,755)	171,755	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(79,950)	(79,950)	-	-	-	(79,950)
Current period net profit	-	-	-	-	54,307	54,307	-	-	-	54,307
Comprehensive income in the current period	-	-	-	-	(1,799)	(1,799)	(26,068)	-	(26,068)	(27,867)
Total comprehensive income in the current period	-	-	-	-	52,508	52,508	(26,068)	-	(26,068)	26,440
Balance as of December 31, 2023	**$ 1,598,993**	**418,929**	**618,503**	**43,967**	**952,771**	**1,615,241**	**(77,479)**	**7,444**	**(70,035)**	**3,563,128**

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB Inc.

Statements of Consolidated Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flows from operating activities:		
Current net profit before income tax	$ 79,294	33,780
Adjustment item:		
Income/expenses items		
Depreciation expense	379,312	392,053
Amortization expenses	2,648	2,643
Losses on Expected Credit Impairment (gains from reversal)	(6,524)	(3,073)
Gain or loss on financial assets and liabilities at FVTPL	(23,487)	(49,562)
Interest expenses	121,400	79,454
Interest income	(114,601)	(22,159)
Dividend income	(7,257)	(14,203)
Loss on disposal and scraps of property, plant and equipment	8,168	13,432
Loss on disposal of investments	-	42,436
Gains from modification of lease	(17)	(2)
Total income/expenses items	359,642	441,019
Asset/liability variation related to operating activities		
Net asset variation related to operating activities		
Financial assets designated as at FVTPL	(471,016)	149,972
Notes receivable	(2,346)	4,052
Accounts receivable	159,937	1,013,623
Other receivables	16,368	6,247
Inventory	112,436	564,812
Other current assets	(4,448)	6,263
Total net asset variation related to operating activities	(189,069)	1,744,969
Net liabilities variation related to operating activities		
Financial liabilities at FVTPL	(18,158)	(32,795)
Notes payable	6,151	(86,627)
Accounts payable	(54,229)	(184,813)
Other payables	(3,715)	(141,005)
Refunds liabilities	(1,847)	(12,333)
Other current liabilities	(10,367)	(24,249)
Net defined benefit liability	662	(3,269)
Total net liabilities variation related to operating activities	(81,503)	(485,091)
Total net assets and liabilities variation related to operating activities	(270,572)	1,259,878
Total adjustment item	89,070	1,700,897
Cash inflow provided by operating activities	168,364	1,734,677
Interest received	109,798	21,406
Interest paid	(120,725)	(77,692)
Tax paid	(60,542)	(10,829)
Net cash inflow from operating activities	96,895	1,667,562
Cash flows from investment activities:		
Acquisition of property, plant and equipment	(140,936)	(178,815)
Disposal of property, plant and equipment	7,841	6,777
Acquisition of Intangible Assets	(2,691)	(1,772)
Decrease (increase) of other non-current assets	6,100	(33)
Dividends received	7,257	14,203
Net cash outflow from investment activities	(122,429)	(159,640)
Cash flows from financing activities:		
Increase in short-term borrowings	16,918,362	15,593,503
Decrease in short-term borrowings	(16,608,557)	(15,679,782)
Increase in short-term notes payable	1,320,753	1,160,270
Decrease in short-term notes payable	(1,320,807)	(1,110,348)
Borrowed Long-term borrowings	23,776	118,862
Repayments of long-term borrowings	(53,255)	(123,900)
Increase in long-term deferred income	763	1,429
Decrease in guarantee deposit	5,238	(10,379)
Repaid principal of lease	(13,894)	(13,928)
Distribution of cash dividends	(79,950)	(167,894)
Net cash inflow (outflow) provided by financing activities	192,429	(232,167)
Effect of changes in exchange rate on cash and cash equivalents	(12,081)	129,804
Increase in current cash and equivalents	154,814	1,405,559
Cash and cash equivalents at the beginning of the year	3,698,350	2,292,791
Cash and cash equivalents at the end of the year	$ 3,853,164	3,698,350

(Please refer to the notes of the consolidated financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB Inc.
Notes to Consolidated Financial Statements
2023 and 2022
(Unless otherwise provided, all amounts are expressed in thousand NTD)

1. Company History

APCB INC. (hereinafter referred to as "the Company") was incorporated on December 8, 1981 with the approval by the Ministry of Economics. The main businesses of the Company and its subsidiaries (the Group) are the manufacturing, processing, and sales of printed circuit board (PCB), multi-layer PCB, and flexible PCB.

2. Approval Date and Procedures of the Financial Statements

The disclosure of these consolidated financial statements were approved and published by the Board of Directors on March 8, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) The influence of adoption of new and amended International Financial Reporting Standards (IFRS) endorsed and published by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the "FSC") and interpretations

The Group has adopted the following amended IFRSs since January 1, 2023, which do not have significant impact on the consolidated financial reports.

- The amendments to IAS 1 "the disclosure of accounting policies"
- The amendments to IAS 8 "The definition of accounting estimates"
- The amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"

The Group has adopted the following amended IFRSs since May 23, 2023, which do not have significant impact on the consolidated financial reports.

- The amendments to IAS No. 12 "International Taxation Reform – Pillar 2 Rule Template"

(2) The influence of not adopting the new or amended IFRS endorsed by the FSC

The Group has adopted the following amended IFRSs since January 1, 2024, which will not have significant impact on the consolidated financial reports.

- The amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- The amendments to IAS 1 "Classification of Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- The amendments to IFRS 16 "Lease Liabilities for Leasebacks"

(3) New and amended standards and interpretation not yet endorsed by FSC

The Group expects that the following new and amended standards not yet endorsed will not have significant impact on the consolidated financial reports.

- The amendments to IFRS 10 and IAS 28 “The Sale or Contribution of Assets between An Investor and Its Joint Venture or Associate”
- IFRS 17 “Insurance Contracts” and its amendments
- The amendments to IFRS 17 “Insurance Contracts titled Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- The amendment to IAS 21 “Lack of Convertibility”

4. Summary of Significant Accounting Policies

The main accounting policies adopted for preparation of this consolidated financial report are described below. These policies are applicable in all reporting periods of the consolidated financial reports.

(1) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations, and announcements (IFRSs).

(2) Basis of preparation

1. Basis of measurement

Unless otherwise noted (please refer to the description of all accounting policies), the consolidated financial statements have been prepared on a historical cost basis.

2. Functional currency and presentation currency

The currency of the main economic environment where the operation of each entity of the Group is located is the functional currency. The consolidated financial statements were expressed in New Taiwan dollars, which is the Company’s functional currency. The unit of the financial information expressed in NTD is in thousand NTD.

(3) Basis of Consolidation

1. Principles for the Preparation of Consolidated Financial Statements

The consolidated financial statements consist of the Company and the subsidiaries controlled by the Company. The subsidiaries are included in the consolidated financial reports from the date the Group acquires the ownership and are excluded from the consolidated report from the date the Group loses the ownership.

When preparing the consolidated financial statements, the transactions, account balances, and any unrealized profit and loss among all entities have been written off.

When the changes in the ownership of equity on subsidiaries by the Group do not result in the loss of control over subsidiaries, such changes are considered equity transactions.

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements are:

Name of investing company	Name of Subsidiaries	Nature of Business	Ownership Percentage 2023.12.31	Ownership Percentage 2022.12.31	Description
The Company	U-Peak Ltd.	Investment business	100.00%	100.00%	
〃	APCB International Co., Ltd.	Investment business	100.00%	100.00%	
〃	APCB Investment Co., Ltd.	Investment business	100.00%	100.00%	
〃	I Tzu Investment Co., Ltd.	Investment business	100.00%	100.00%	
〃	Red Noble Limited	Investment business	100.00%	100.00%	
U-Peak Ltd.	Prosper Plus Limited	Trade business	100.00%	100.00%	
APCB International Co., Ltd.	APCB Investment Co., Ltd.	Investment business	100.00%	100.00%	
〃	New Day Limited	Investment business	100.00%	100.00%	
〃	APCB Capital Limited	Investment business	100.00%	100.00%	
APCB Investment Co., Ltd.	APCB Holdings Ltd.	Investment business	50.00%	50.00%	
I Tzu Investment Co., Ltd.	APCB Holdings Ltd.	Investment business	50.00%	50.00%	
APCB Investment Co., Ltd.	APCB Electronics (Kunshan) Co., Ltd.	Design, development and manufacturing of multi-layer PCB and new electronic parts	100.00%	100.00%	
New Day Limited	Kunshan Hao Duo Electronics Co., Ltd.	PCB business	100.00%	100.00%	
APCB Capital Limited	APCB Electronics (Thailand) Co., Ltd.	Design, development and manufacturing of multi-layer PCB and new electronic parts	100.00%	100.00%	註
Red Noble Limited	Green Elite Limited	Trade business	100.00%	100.00%	
〃	Smart Explorer Limited	Trade business	100.00%	100.00%	

Note: APCB Capital Limited invested in APCB Electronics (Thailand) Co., Ltd. in November 2022, and the investment amount was NT$343,614 thousand.

3. Subsidiaries not included in the consolidated financial statements

(4) Foreign currency

1. Foreign currency trading

   Foreign currencies are converted into functional currency based on the spot exchange rate of the transaction date. The monetary items denominated in foreign currencies are converted into the functional currency based on the exchange rate of each subsequent end date of reporting period (hereinafter referred to as the reporting date). Non-monetary items denominated in foreign currencies that are measured at fair value are converted into the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items measured at historical cost that are denominated in a foreign currency are converted at the exchange rate of the transaction date.

   The exchange difference from foreign currency conversion is usually recognized as profit or loss. However, the exchange difference from the conversion of equity instrument through other comprehensive income at FVTPL is recognized in other comprehensive income

2. Overseas operating institutions

   The assets and liabilities of overseas operating institutions, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the consolidated financial reports at the exchange rate at the reporting date. Apart from the high inflation economics, the income and expenses for overseas operating institutions are translated into the presentation currency of the consolidated financial reports at the average exchange rate. The exchange difference is recognized in other comprehensive income.

   When an overseas operating institution is disposed of that the Company losses control, significant influence, joint control, the cumulative amount in the translation difference related to the overseas operating institutions is reclassified to profit or loss. When the Company partially disposes of the subsidiaries of the overseas operating institutions, the relevant proportion of the cumulative amount is attributed to non-controlling equity. When the Company partially disposes its investments in the associates or joint ventures of the overseas operating institutions, the relevant proportion of the cumulative amount is reclassified to profit or loss.

   When the settlement of a monetary receivable from or payable to an overseas operating institution is neither planned nor likely to occur in the foreseeable future, exchange difference arising from such monetary item that are considered to for part of the net investment in the overseas operating institution are recognized in other comprehensive income.

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

Assets meeting one of the following conditions are classified as current assets, and other assets are classified as non-current assets:

1. Expect to realize, or intends to sell or consume the asset, in its normal operating cycle.
2. Hold primarily for the purpose of trading.
3. Assets that are expected to be realized within twelve months from the balance sheet date; and
4. Cash and cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities meeting one of the following conditions are classified as current liabilities, and other liabilities are classified as non-current liabilities:

1. Expects to settle in its normal operating cycle.
2. Hold primarily for the purpose of trading.
3. Liabilities that are expected to be repaid within twelve months from the balance sheet date; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification.

(6) Cash and cash equivalents

Cash includes cash on hand, demand deposits, and check deposits. Cash equivalents refer to investments with short maturities and high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments instead of for investment or other purposes are recognized as cash equivalents.

Bank overdrafts that can be repaid immediately and belong to part of the overall cash management of the Group are listed as a component of the cash and cash equivalents in the Statements of Cash Flows.

(7) Financial instruments

Trade receivables and debt securities are initially recognized when originated. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus; for an item not at fair value through profit or loss, transaction costs are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized costs;

fair value through other comprehensive income or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for management financial assets.

(1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition plus or less the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. When derecognizing such assets, any gain or loss is recognized in profit or loss.

(2) Financial assets at FVTPL through other comprehensive income

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

Equity investments are subsequently measured at fair value. Dividend income (unless the dividend clearly presents the recovery of part of the cost of the investment) is recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income and are not reclassified as profit or loss.

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

(3) Financial assets measured at FVTPL

All financial assets not classified as amortized cost or fair value of other comprehensive income described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measures at amortized costs or at fair value of other comprehensive income, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and their net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Impairment of financial assets

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

The Group recognizes the loss allowance for 12 months expected credit losses of cash in banks and other receivables if there has not been a significant increase in credit risk (the risk of default during the expected lifetime of financial instrument) since initial recognition.

The Company always recognizes lifetime expected credit losses for accounts receivables.

Expected credit losses during the lifetime reflect the expected credit losses with the respective risks of a default occurring during the expected lifetime.

12-month expected credit losses represents the portion of lifetime expected credit losses that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or within 12 months if the expected lifetime of a financial is less than 12 months).

The maximum period for measuring expected credit losses is the maximum contractual term for which the Group is exposed to credit risk.

When judging whether or not the credit risk is significantly increasing after the initial recognition, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed. This information includes both qualitative and quantitative information and is based on the Group's historical experiences and informed credit assessment, as well as forward-looking information.

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

The Group considers a financial asset to be in default when the financial asset is more than 181 days past due or the borrower is unlikely to fulfill its credit duty and repay the whole amount to the Company.

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

The Group assesses whether or not the financial assets at amortized costs are credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have an unfavorable impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Major financial difficulties of the debtor or issuer;
- a breach of contract, such as a default or being more than 181 days past due;
- the Group provides the debtor concessions that would not have been considered due to the economic or contractual reasons related to the financial difficulties of the debtor;
- the debtor is highly likely to file for bankruptcy or conduct financial restructure; or
- the active market of financial assets being disappearing due to financial difficulties.

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

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant reversal of the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

(5) Derecognition of financial assets

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

The transaction for transferring the financial asset the Group entered is still recognized in the balance sheet if it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

2. Financial liabilities and equity instrument

(1) Classification of debt or equity

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

(2) Equity transaction

An equity instrument is any contract that evidences residual equity in the assets of the Group after deducing all of its liabilities. Equity instrument issued by the Group are recognized as the amount of consideration received, less the direct cost of issuance.

(3) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method. The interest expenses and exchange profit or loss are recognized in profit or loss. Any gains or loss during the derecognition are also recognized in profit or loss.

(4) Derecognition of financial liabilities

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

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

(5) Offsetting of financial liabilities

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

3. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposure. The embedded derivative instruments shall be handled separately from the main contract when they meet certain conditions and the main contract is not a financial asset.

Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the monthly weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(9) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including the borrowings costs of capitalization) less accumulated depreciation and accumulated impairment losses.

Where the useful lives of significant part of property, plant and equipment are different, they shall be handled as a separate item (major components) of property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment shall be recognized in profit or loss.

2. Subsequent cost

The subsequent expenditures are only capitalized if the future economic benefits are likely to flow to the Group.

3. Depreciation

The depreciable amount of an asset is determined after using the cost of an asset to deduct its residual amount and it shall be recognized in profit or loss using straight-line method within the estimated useful life.

Land is not depreciated.

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

(1) Building	6–25 years
(2) Machinery equipment	2–17 years
(3) Transportation equipment	3–10 years
(4) Office equipment	3–10 years
(5) Other equipment	2–20 years

The Group reviews the depreciation methods, useful lives, and residual values on each reporting date and makes proper adjustments if necessary.

(10) Leasing – Lessee

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

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

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

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

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

1. fixed payments, including in-substance fixed payments;
2. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3. amounts expected to be payable under a residual value guarantee; and
4. payments or penalties for purchase or termination options that are reasonably certain to be exercised.

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

1. there is a change in future lease payments arising from the change in an index or rate;
2. there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
3. there is a change in the Group's evaluation of purchase options;
4. there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
5. there is any lease modification to the assets, scope and other terms of the lease.

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

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

The Group has chosen not to recognize lease liabilities for short-term leases of machinery equipment and office equipment and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(11) Intangible assets

1. Recognition and measurement

The goodwill incurred from the acquisition of subsidiaries was measured using costs less the cumulative impairment.

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

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

3. Amortization

Apart from the goodwill, amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis 2 years within the estimated useful lives of intangible assets from the date that they are available for use.

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

(1)	Software	2–10 years
(2)	Other Intangible Assets	7 years

The Group reviews the amortization method for intangible assets, useful lives, and residual values on each reporting date and makes proper adjustments if necessary.

(12) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Recognition of revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The transfer of control of the products refers to that when the products are delivered to the customer, the customers have complete power in determination of the sales channel and price of product, and there is no unfulfilled obligations that affect the acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

(14) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses as the related service is provided.

2. Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

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

(15) Government grants

In accordance with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance,” the Group recognized the government grants related to assets in deferred income in the financial statements. During the subsequent amortization, the deferred income of the relevant assets shall be transferred to other income or the decrease of related expenses based on their natures.

(16) Income tax

The income tax comprises current and deferred tax. Except for expenses related to corporate merger, items recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The consolidated Company determines that the interest or penalty related to income tax (including the uncertain tax treatment) does not meet the definition of income tax, and therefore the accounting treatment of IAS 37 is applied.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities on the reporting day and their respective tax bases. Deferred taxes are recognized except for the following:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss), and (ii) does not generate equivalent taxable and deductible temporary difference;
2. temporary differences related to investments in subsidiaries, associates and joint equity to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

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

(17) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Group. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Group divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares include employees’ remuneration.

(18) Segment Information

The Group consists of operating segments, which engage in operating activities that may incur income and expense (including income and expense related to the transactions with other segments in the Group). The chief operating decision maker reviews the performance result of all operating segments on a regular basis to determine resource allocation and assess their performance result. Each operating segment has individual financial information.

5. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

In preparing these consolidated financial statements in accordance with IFRSs recognized by the FSC, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may be different from the estimates.

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

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is the impairment assessment for the impairment of property, plant and equipment of the Group. As there were signs of impairment on property, plant and equipment, we conducted impairment test at each reporting date. In the assessment of asset impairment, the estimate of the recoverable amount is based on the assumption of the subjective judgment of the management of the Group. Any change in the economics or the change in the estimate of the Company’s strategy may cause significant impairment and reverse the recognized impairment loss in the future. Please refer to Note 6 (9) for the assessment on the impairment of property, plant and equipment.

6. Summary of Significant Accounting Items

(1) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash	$ 514	521
Demand (current) deposit	2,526,743	3,610,101
Check deposit	36,297	26,308
Time deposit	1,166,790	30,710
Cash equivalent – with repurchase agreement	122,820	30,710
	$ 3,853,164	**3,698,350**

Please refer to Note 6 (23) for the disclosure of the interest rate risk of financial assets and liabilities and sensitivity analysis of the Group.

(2) Financial assets and liabilities at FVTPL

1. The statement is as follows:

	2023.12.31	2022.12.31
Financial assets designated as at FVTPL:		
Foreign currency swap contract	$ -	2,751
Listed stocks	131,089	40,203
Domestic open-end fund	1,001	938
Structured deposit	432,703	15,428
Total	$ 564,793	59,320

Financial liabilities at FVTPL:

The Group held structured financial instruments as of December 31, 2023 and 2022, and the expected yield was 2.72%–2.98% and 3.65%, respectively, and the financial instruments would be mature in January 2024 and June 2023.

Please refer to Note 6 (22) for the amount of remeasurement recognized in profit or loss at fair value of the Group.

As of December 31, 2023 and 2022, the Group did not use the financial assets at FVTPL for pledge or guarantees.

2. Derivative financial instruments:

The Group used derivative financial instruments to hedge certain foreign exchange risk the Company was exposed to, arising from its operating, financing and investing activities. As of December 31, 2022, derivative financial instruments of financial assets/liabilities at FVTPL not qualified for hedge accounting were as follows:

	2022.12.31		
	Contractual amount (NTD Thousand)	**Currency**	**Maturity**
Financial assets:			
Foreign currency swap contract	$ 22,000	USD	2023.1.6–2023.2.3

As of December 31, 2023, the Group did not have any foreign exchange swap contracts that had not expired.

(3) Financial assets through other comprehensive income at FVTPL – Non-current

	2023.12.31	2022.12.31
Equity instruments at FVTPL through other comprehensive income:		
Unlisted stocks	$ 24,795	24,795

1. Equity instruments investment at FVTPL through other comprehensive income:

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represented those investments that the Group intended to hold for long-term for strategic purposes.

Due to the equity instrument investments measured at fair value through other comprehensive income specified above, the Group recognized NT$1,735 thousand and NT$2,950 thousand of dividend income, respectively, in 2023 and 2022 as other income.

2. Please refer to Note 6 (23) for the market risk.

(4) Financial assets measured at amortized cost

	2023.12.31	2022.12.31
Non-current:		
Restricted time deposit	$ 3,095	3,052

The Group assesses the contractual cash flow to be received when holding such asset until maturity, and the cash flow of such financial assets is completely for the payment of principal and outstanding principal. Therefore, the Group recognizes such asset in financial assets measured at amortized cost.

The weighted average annual interest rate for the time deposit held by the Group as of December 31, 2023 and 2022 was 0.70% and 0.15%, respectively, which was mature in March 2024 and March 2023. The restricted part of the time deposit mentioned above will be deposited again upon maturity for the pledge and guarantee for short-term borrowings.

Please refer Note 8 for statement of restricted deposits for short-term borrowings.

Please refer to Note 6 (23) for the credit risk.

(5) Notes and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	$ 5,008	2,662
Accounts receivable	1,652,001	1,837,187
Less: Loss allowance	(5,448)	(37,221)
	$ 1,651,561	1,802,628

The Group entered into factoring agreements with banks to acquire their accounts receivable. The banks both prepaid 90% of the transferred accounts receivable in 2023 and 2022. As the Group retains all risks associated with the accounts receivable, the acquired prepayment was recognized in bank loans. As of December 31, 2023 and 2022, the relevant accounts receivable acquisition statement is as follows:

	2023.12.31			
	Credit line	Acquisition amount of accounts receivable	Advance balance	Interest range % of the advance amount
Bank SinoPac	$ 153,525	92,677	-	-

	2022.12.31			
	Credit line	Acquisition	Advance	Interest range

		amount of accounts receivable	balance	% of the advance amount
Bank SinoPac	$ 153,550	113,980	-	-

Please refer to Note 8 for the status of accounts receivable provided by the Group as guarantee as of December 31, 2023 and 2022.

The Group applied the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables had been grouped based on shared credit risk characteristics and the days past due, as well as incorporating forward-looking information, including macroeconomic and relevant industry information.

The Group has not suffered credit loss of notes receivable in the past. In addition, the recognized notes receivables have not passed due as of the reporting period, and there is no sign indicating that the credit quality of notes receivable has changed compared to the initial credit extension date. Therefore, the Group assesses that there is no expected credit loss to be recognized for notes receivable.

The analysis on the expected credit loss of accounts receivable of the operating entity of the Group in Taiwan is as follows:

	2023.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 379,085	-	-
1–30 days past due	3,440	-	-
91–120 days past due	189	42.33	80
	$ 382,714		**80**

	2022.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 400,854	-	-
1–30 days past due	6,527	0.62	40
31–60 days past due	667	1.71	12
61–90 days past due	86	27.78	24
91–120 days past due	398	34.78	138
151–180 days past due	241	80.47	194
	$ 408,773		**408**

The analysis on the expected credit loss of accounts receivable of the operating entity of the Group in Mainland China is as follows:

	2023.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 877,368	0	308
1–30 days past due	16,829	0.00~1.15	124
31–60 days past due	19,793	0.00~4.30	851
61–90 days past due	1,073	0.00~7.66	82
91–120 days past due	412	37	152
151–180 days past due	503	100	503
181 days past due	57	100.00	57
	$ 916,035		2,077

	2022.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 948,142	0.38~0.40	4,734
1–30 days past due	29,879	5.56~15.00	3,273
31–60 days past due	2,235	27.36~34.71	726
61–90 days past due	22	45.57~53.93	11
91–120 days past due	151	53.93~81.02	122
151–180 days past due	495	68.30~100.00	495
181 days past due	5,555	100.00	5,555
	$ 986,479		14,916

The analysis on the expected credit loss of accounts receivable of the operating entity of the Group in Thailand is as follows:

	2023.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 349,093	0.13	470
1–30 days past due	830	7.17	60
31–60 days past due	339	17.93	61
61–90 days past due	376	39.23	147
91–120 days past due	113	55.56	63
151–180 days past due	103	88.56	92
151–180 days past due	299	100.00	299
181 days past due	2,099	100.00	2,099
	$ 353,252		**3,291**

	2022.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 398,401	-	-
1–30 days past due	16,987	-	-
31–60 days past due	4,058	-	-
61–90 days past due	412	-	-
91–120 days past due	180	-	-
181 days past due	21,897	100.00	21,897
	$ 441,935		**21,897**

The table of change of loss allowance of accounts receivable of the Group is as follows:

	2023	**2022**
Balance on January 1	$ 37,221	53,194
Losses on Impairment (gains from reversal)	(6,524)	(3,073)
Amount written off	(25,368)	(15,264)
Profit or loss from foreign currency conversion	119	2,364
Balance on December 31	**$ 5,448**	**37,221**

(6) Other receivables

	2023.12.31	2022.12.31
Other receivables	$ 52,995	64,560

The Group did not set aside the loss allowance for other receivables as of December 31, 2023 and 2022.

(7) Inventories

	2023.12.31	2022.12.31
Raw materials	$ 77,540	73,714
Materials	148,359	160,660
Work in processing	134,984	210,764
Finished goods (including commodities)	226,270	254,451
	$ 587,153	699,589

Apart from normal sales of goods that transferred inventories in operating costs, the total amount of loss (income) that is directly recognized as operating costs is as follows:

	2023	2022
Loss on valuation of inventories and scrapped (gain from price recovery)	$ (49,234)	60,640
Loss (gain) on inventory physical count	4	(102)
Unallocated manufacturing overhead	305,360	281,763
Income from sale of scraps	(373,768)	(426,339)
	$ (117,638)	(84,038)

As of December 31, 2023 and 2022, the Group did not use the inventories for pledge or guarantees.

(8) Disposal of subsidiary

The Board of Directors of the Group resolved on January 26, 2022 the liquidation of subsidiary Li Shien Co., Ltd., and recognized NT$41,696thousand (US$1,424 thousand) of loss on disposal in other gains and losses.

1. The statement of carrying amount of net asset of Li Shien Co., Ltd. at the disposal date is as follows:

	2022.1.26
Cash	$ 594,025

2. The statement of loss from disposal of subsidiary by the Group is as follows:

	2022.1.26
Exchange Differences on Translation of Foreign Financial Statements that were transferred from other equities to profit or loss	$ 41,696 (USD 1,424thousand)

(9) Property, plant and equipment

The statement of changes of property, plant and equipment of the Group in 2023 and 2022 is as follows:

		Land	Building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Incomplete construction and equipment to be accepted	Total
Costs or deemed cost:									
Balance as of January 1, 2023	$	387,263	1,172,386	6,088,064	40,650	207,731	740,803	81,453	8,718,350
Addition		-	-	349	467	1,809	8,372	130,428	141,425
Disposal		-	-	(188,032)	(1,562)	(1,309)	(889)	-	(191,792)
Reclassification		-	1,272	99,809	272	713	46,891	(148,957)	-
Effect of changes in exchange rate		2,097	(5,940)	(41,719)	7	(3,250)	(12,728)	(1,030)	(62,563)
Balance as of December 31, 2023	$	389,360	1,167,718	5,958,471	39,834	205,694	782,449	61,894	8,605,420
Balance as of January 1, 2022	$	370,887	1,130,359	5,983,293	39,530	201,208	695,440	107,375	8,528,092
Addition		-	-	3,773	470	1,050	11,264	152,663	169,220
Disposal		-	-	(226,700)	(473)	(1,227)	(431)	-	(228,831)
Reclassification		-	-	152,744	-	3,036	24,173	(179,953)	-
Effect of changes in exchange rate		16,376	42,027	174,954	1,123	3,664	10,357	1,368	249,869
Balance as of December 31, 2022	$	387,263	1,172,386	6,088,064	40,650	207,731	740,803	81,453	8,718,350
Depreciation and impairment loss:									
Balance as of January 1, 2023	$	-	938,467	4,799,326	32,153	183,901	607,279	-	6,561,126
Depreciation of the current year		-	36,826	272,250	2,518	4,004	50,983	-	366,581
Disposal		-	-	(172,291)	(1,485)	(1,166)	(841)	-	(175,783)
Effect of changes in exchange rate		-	(5,563)	(30,578)	25	(2,894)	(10,380)	-	(49,390)
Balance as of December 31, 2023	$	-	969,730	4,868,707	33,211	183,845	647,041	-	6,702,534
Balance as of January 1, 2022	$	-	868,253	4,592,698	29,101	177,396	542,355	-	6,209,803
Depreciation of the current year		-	39,278	275,709	2,644	4,403	57,238	-	379,272
Disposal		-	-	(206,661)	(473)	(1,100)	(388)	-	(208,622)
Effect of changes in exchange rate		-	30,936	137,580	881	3,202	8,074	-	180,673
Balance as of December 31, 2022	$	-	938,467	4,799,326	32,153	183,901	607,279	-	6,561,126
Book value:									
Balance as of December 31, 2023	$	389,360	197,988	1,089,764	6,623	21,849	135,408	61,894	1,902,886
Balance as of December 31, 2022	$	387,263	233,919	1,288,738	8,497	23,830	133,524	81,453	2,157,224

1. Impairment test

   The Group reviews the operating condition and possible changes in the future of cash-generating units in Thailand at each reporting date and conducts impairment test. The impairment test in 2023 and 2022 indicates that additional loss allowance is not required.
2. Please refer to Note 6 (22) for the gains or loss from disposal.
3. Please refer to Note 8 for the Group using property, plant and equipment as guarantee.

   The Group deferred the equipment payment from government grants and recognized it in long-term deferred income. The statement of changes in 2023 and 2022 is as follows:

		2023	2022
Balance on January 1	$	6,252	6,816
Current increase		763	1,429
Current amortization		(1,681)	(2,095)
Exchange rate effects		(101)	102
Balance on December 31	$	5,233	6,252

(10) Right-of-use assets

The statement of changes of costs and depreciation of leased land, building, machinery equipment, and transportation by the Group is as follows:

		Land	Building	Machinery equipment	Transportation equipment	Total
Costs of right-of-use assets:						
Balance as of January 1, 2023	$	51,798	88,186	-	925	140,909
Addition		-	126	-	-	126
Disposal		-	(3,207)	-	(922)	(4,129)
Effect of changes in exchange rate		(397)	(262)	-	(3)	(662)
Balance as of December 31, 2023	$	51,401	84,843	-	-	136,244
Balance as of January 1, 2022	$	51,484	87,471	584	1,199	140,738
Addition		-	484	-	-	484
Disposal		-	-	(584)	(293)	(877)
Effect of changes in exchange rate		314	231	-	19	564
Balance as of December 31, 2022	$	51,798	88,186	-	925	140,909
Depreciation of right-of-use assets:						
Balance as of January 1, 2023	$	11,519	29,030	-	845	41,394
Current depreciation		2,903	11,429	-	80	14,412
Disposal		-	(2,462)	-	(922)	(3,384)
Effect of changes in exchange rate		(164)	(246)	-	(3)	(413)
Balance as of December 31, 2023	$	14,258	37,751	-	-	52,009
Balance as of January 1, 2022	$	8,497	17,359	501	814	27,171
Current depreciation		2,906	11,658	-	312	14,876
Disposal		-	-	(501)	(293)	(794)
Effect of changes in exchange rate		116	13	-	12	141
Balance as of December 31, 2022	$	11,519	29,030	-	845	41,394
Book value:						
Balance as of December 31, 2023	$	37,143	47,092	-	-	84,235
Balance as of December 31, 2022	$	40,279	59,156	-	80	99,515

Please refer to Note 8 for the Group using right-of-use assets as guarantee.

(11) Intangible assets

The statement of changes in the costs, amortization, and impairment loss of the Group is as follows:

	Goodwill	Computer software	Other Intangible Assets	Total
Cost:				
Balance as of January 1, 2023	$ 6,199	12,585	33,318	52,102
Current addition	-	2,691	-	2,691
Effect of changes in exchange rate	(2)	(124)	(5)	(131)
Balance as of December 31, 2023	**$ 6,197**	**15,152**	**33,313**	**54,662**
Balance as of January 1, 2022	$ 5,587	11,535	30,031	47,153
Current addition	-	1,772	-	1,772
Disposal	-	(1,020)	-	(1,020)
Effect of changes in exchange rate	612	298	3,287	4,197
Balance as of December 31, 2022	**$ 6,199**	**12,585**	**33,318**	**52,102**
Amortization and impairment loss:				
Balance as of January 1, 2023	$ -	8,783	33,318	42,101
Current amortization	-	2,648	-	2,648
Effect of changes in exchange rate	-	(79)	(5)	(84)
Balance as of December 31, 2023	**$ -**	**11,352**	**33,313**	**44,665**
Balance as of January 1, 2022	$ -	6,925	30,031	36,956
Current amortization	-	2,643	-	2,643
Disposal	-	(1,020)	-	(1,020)
Effect of changes in exchange rate	-	235	3,287	3,522
Balance as of December 31, 2022	**$ -**	**8,783**	**33,318**	**42,101**
Book value:				
Balance as of December 31, 2023	**$ 6,197**	**3,800**	**-**	**9,997**
Balance as of December 31, 2022	**$ 6,199**	**3,802**	**-**	**10,001**

The items where the amortization expenses of intangible assets recognized in the statements of consolidated comprehensive income in 2023 and 2022, respectively, are as follows:

		2023	2022
Operating cost	$	264	422
Operating expenses		2,384	2,221
Total	**$**	**2,648**	**2,643**

(12) Long-term and short-term borrowings

		2023.12.31	2022.12.31
Unsecured bank loans	$	2,643,049	2,257,491
Secured bank loans		1,055,783	1,131,536
Total	**$**	**3,698,832**	**3,389,027**
Unused credit line	**$**	**4,591,933**	**3,655,377**
Interest rate range (%)		**1.74~7.22**	**1.10~6.80**

Please refer to Note 8 for the Group using pledging the assets as guarantee for bank loans.

(13) Short-term notes payable

The statement of short-term notes payable of the Group is as follows:

2023.12.31

	Guarantee or acceptance bank	Interest rate %		Amount
Commercial paper payable	China Bills Finance Corporation	1.35	$	50,000
	Taiwan Finance Corporation	1.71		50,000
	Mega Bills Finance Corporation	1.72		50,000
				150,000
Less: Discount on short-term notes payable				(160)
Total			**$**	**149,840**

2022.12.31

	Guarantee or acceptance bank	Interest rate %		Amount
Commercial paper payable	International Bills Finance Corporation	1.50	$	50,000
	China Bills Finance Corporation	1.30		50,000
	Taiwan Finance Corporation	1.30		50,000
				150,000
Less: Discount on short-term notes payable				(106)
Total			**$**	**149,894**

The unused commercial bill issuance amount of the Group as of December 31, 2023 and 2022 was both NT$50,000 thousand.

(14) Long-term borrowing

The statement, terms, and clauses of the long-term borrowing of the Group is as follows:

	2023.12.31	
	Loan period	**Amount**
Unsecured bank loan from Bank of Taiwan	2022.12–2027.12	$ 86,821
Less: Current portion		12,403
Total		**$ 74,418**
Unused credit line		**$ -**
Interest rate range (%)		**1.88~6.8**

	2022.12.31	
	Loan period	**Amount**
Secured loans from Bank of Taiwan	2011.10–2026.10	$ 16,923
Unsecured bank loan from Bank of Taiwan	2022.12–2027.12	99,377
		116,300
Less: Current portion		16,837
Total		**$ 99,463**
Unused credit line		**$ -**
Interest rate range (%)		**1.88~6.80**

Please refer to Note 8 for the Group using pledging the assets as guarantee for bank loans.

(15) Lease liabilities

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

	2023.12.31	**2022.12.31**
Current	$ 6,950	14,163
Non-current	67,430	74,754
Total	**$ 74,380**	**88,917**

Pease refer to Note 6 (23) Financial instruments for maturity analysis.

The amount recognized in profit or loss is as follows:

	2023	**2022**
Interests on lease liabilities	**$ 1,363**	**1,829**
Lease payments not included in the measurement of the lease liability	**$ 1,674**	**1,016**
Expenses related to short-term leases	**$ 6,469**	**4,126**
Expenses related to lease of low-value assets (not including short-term low-value lease)	**$ 683**	**861**

The amount recognized in the statement of cash flow is as follows:

		2023	2022
Total cash flows from operating activities	$	10,189	7,832
Total cash flows from investment activities		13,894	13,928
Total cash flows from lease	**$**	**24,083**	**21,760**

1. Leases of land and buildings

The Group leased lands and buildings as plants, offices, and employee dormitories. The lease period for plants and offices is usually 15 years, and 5 years for employee dormitories. Some of the leases include the option to extend the same lease period of the original contract when the lease period expires.

2. Other leases

The lease period of machinery and transportation equipment of the Group was 2–5 years.

In addition, the lease periods of some of the machinery equipment, office equipment, and transportation equipment are 1–4 years. These leases were short-term or leases of low-value items. The Group chose not to recognize right-of-use asset and lease liabilities for these leases.

(16) Employee benefits

1. Defined benefit plan

The Company and APCB Electronics (Thailand) Co., Ltd. in the Group stipulated defined benefit plan.

The adjustment on the present value of defined benefit obligations and the fair value of plan assets of the Group is as follow:

		2023.12.31	2022.12.31
Present value of the defined benefit obligations	$	(53,847)	(57,573)
Fair value of plan assets		17,062	23,249
Net defined benefit liability	**$**	**(36,785)**	**(34,324)**

The Company made defined benefit plan contributions to the pension fund account of Bank of Taiwan. Plans that are covered by the Labor Standards Law entitled a retired employee to receive retirement benefits based on years or service and average monthly salary for the 6 months prior to retirement.

(1) Composition of plan assets

The Company allocated pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," and such funds were managed by the Bureau of Labor Funds (BLF), Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023, the balance of labor pension reserve account was NT$16,853 thousand. The utilization of the labor pension fund assets of the domestic entities of the Company included the asset allocation and yield of the fund. Please refer to the website of the BLF.

(2) The changes in the present value of the defined benefit obligations

The changes in the present value of the defined benefit obligations of the Group in 2023 and 2022 are as follows:

		2023	2022
Balance at January 1	$	(57,574)	(83,209)
Current service cost and interest		(2,085)	(2,335)
Remeasurements of net defined benefit liability			
- Actuarial (losses) gains arising from changes in demographic assumptions		(417)	(878)
- Actuarial (losses) gains arising from changes in financial assumptions		(8)	4,328
- Actuarial (losses) gains arising from experience adjustments		(1,903)	(183)
Exchange differences of overseas plans		(172)	(1,307)
Benefit paid by the plan		966	10,131
Effect of plan repayment		7,346	15,879
Defined benefit obligation as of December 31	**$**	**(53,847)**	**(57,574)**

(3) The changes in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the Group in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets on January 1	$	23,249	39,313
Interest income		314	261
Remeasurements of net defined benefit liability – Return on plan assets (not including current interests)		290	3,036
Amount allocated to plan		2,812	3,366
Benefit paid by the plan		(117)	(10,078)
Repayment by the plan		(9,486)	(12,649)
Fair value of the plan assets on December 31	**$**	**17,062**	**23,249**

(4) Expenses recognized as profit or loss

The statement of recognition of expenses of the Group in 2023 and 2022 is as follows:

		2023	2022
Current service cost	$	1,140	1,597
Net interest of net defined benefit liability		631	477
Repayment profit or loss		2,140	(3,231)
	$	3,911	(1,157)
Operating cost	$	1,434	1,700
Selling expenses		187	102
Administrative expenses		2,290	(2,959)
	$	3,911	(1,157)

(5) Remeasurements of net defined benefit assets (liabilities) recognized in other comprehensive income

The cumulative remeasurements of net defined benefit assets (liabilities) of the Group recognized in other comprehensive income are as follows:

		2023	2022
Cumulative balance at January 1	$	23,033	16,730
Current recognized income		(2,249)	6,303
Cumulative balance at December 31	$	20,784	23,033

(6) Actuarial assumption

The significant actuarial assumption for the determination of defined benefit obligations of the Group on the reporting date is as follows:

	2023.12.31	2022.12.31
Discount rate	1.20~2.60%	1.30~2.40%
Future salary increases	1.10~2.00%	1.10~2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after December 31, 2023 was NT$2,650 thousand.

As of December 31, 2023, the weighted lifetime of the defined benefits plans of the Group was 8–9 years.

(7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation of the Group as of December 31, 2023 and 2022 shall be as follows:

	Effects to the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023		
Discount rate (original assumption 1.30%–2.40%)	(1,205)	1,249
Future salary increase rate (original assumption 1.10%–2.00%)	1,247	(1,209)
December 31, 2022		
Discount rate (original assumption 1.30%–2.40%)	(1,388)	1,441
Future salary increase rate (original assumption 1.10%–2.00%)	1,436	(1,390)

There was no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions might be interactive with each other. The method used on sensitivity analysis was consistent with the calculation of the net pension liabilities.

The method and assumptions used on current sensitivity analysis was the same as those of the prior year.

2. Defined contribution plans

The Company sets aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company sets aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The Company sets aside NT$9,498 thousand and NT$11,755 thousand of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022, respectively.

Other entities of the Group sets aside NT$46,253 thousand and NT$48,332 thousand of the pension costs in accordance with local laws and regulations for the years ended December 31, 2023 and 2022, respectively.

(17) Income tax

1. The statement of income tax expense (income) of the Group in 2023 and 2022 is as follows:

		2023	2022
Current income tax expense			
Current period	$	3,701	98,537
Over estimate of the prior period		(8,657)	(3,807)
Total		(4,956)	94,730
Deferred tax income			
Origination and reversal of temporary difference		13,949	(95,824)
Under (over) estimate of the prior period		15,994	-
Total		29,943	(95,824)
Income tax expense (income)	**$**	**24,987**	**(1,094)**

The statement of income tax expense (income) of the Group recognized in other comprehensive income in 2023 and 2022 is as follows:

		2023	2022
Items not reclassified subsequently to profit or loss:			
Remeasurement of defined benefit programs	**$**	**450**	**(1,261)**
Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss:			
Exchange Differences on Translation of Foreign Financial Statements	**$**	**6,507**	**(42,939)**

The reconciliation of income tax expense (gain) and net profit before tax of the Group for 2023 and 2022 were as follows:

		2023	2022
Net income before tax	**$**	**79,294**	**33,780**
Estimated income tax calculated based on the Company's statutory tax rate	$	15,859	6,756
Tax rate difference effect for overseas jurisdictions		32,886	21,572
Financial asset valuation profit or loss		(1,418)	6,117
Research and development investment for tax deduction		(34,295)	(34,096)
Domestic transaction of disposal of securities		880	2,223
Expenses that cannot be deducted		1	-
Dividend income		(1,451)	(2,841)
Profit or loss of investment accounted for using equity method		76	70

		2023	2022
Imposition on undistributed earnings		5,932	-
Over estimate of the prior period		(8,657)	(3,807)
Underestimation of deferred income tax liabilities in previous years		15,994	-
Others		(820)	2,912
Total	$	24,987	(1,094)

2. Deferred tax assets and liabilities

The changes in the recognized deferred tax assets and liabilities in 2023 and 2022 are as follows:

Deferred tax liabilities:

		Unrealized exchange gain	Profit or loss of reinvestment accounted for using equity method	Consolidated asset value increase incurred	Total
January 1, 2023	$	-	54,022	8,942	62,964
Statements of Debit		1,184	11,736	-	12,920
Exchange rate effects		-	-	76	76
December 31, 2023	**$**	**1,184**	**65,758**	**9,018**	**75,960**
January 1, 2022	$	-	139,647	8,348	147,995
Statements of Credit		-	(85,625)	-	(85,625)
Exchange rate effects		-	-	594	594
December 31, 2022	**$**	**-**	**54,022**	**8,942**	**62,964**

Deferred tax assets:

		Unrealized exchange loss	Allowance for loss on valuation of inventories and scrapped	Allowance for doubtful debt, allowance for sales return, and discount	Exchange Differences on Translation of Foreign Financial Statements	Pension excess amount	Loss carrybacks	Others	Total
January 1, 2023	$	7,998	19,340	3,097	12,853	4,560	736	2,342	50,926
Statement of Credit (Debit)		(7,998)	(7,702)	(1,211)	-	(73)	(39)	-	(17,023)
Credited in other comprehensive income in the current period		-	-	-	6,507	450	-	-	6,957
Exchange rate effects		-	-	-	4	-	-	(46)	(42)
December 31, 2023	**$**	**-**	**11,638**	**1,886**	**19,364**	**4,937**	**697**	**2,296**	**40,818**
January 1, 2022	$	3,609	10,767	4,649	55,792	7,034	734	2,308	84,893
Statement of Credit (Debit)		4,389	8,573	(1,552)	-	(1,213)	2	-	10,199
Credited in other comprehensive income in the current period		-	-	-	(42,939)	(1,261)	-	-	(44,200)
Exchange rate effects		-	-	-	-	-	-	34	34
December 31, 2022	**$**	**7,998**	**19,340**	**3,097**	**12,853**	**4,560**	**736**	**2,342**	**50,926**

3. The collection and approval status of income tax

The Company’s tax returns for the years through 2021 were examined and approved by the Taiwan National Tax Administration.

(18) Capital and other equities

As of December 31, 2023 and 2022, the Company’s authorized capital was NT$2,000,000 thousand, with a par value of NT$10 per share, that consisting of 200,000 thousand shares. The authorized capital above is common shares, and the issued common shares are 159,899 thousand shares All proceeds from shares issued have been collected.

1. Capital surplus

The capital surplus balance is as follows:

	2023.12.31	2022.12.31
Capital premium of capital increase in cash	$ 214,731	214,731
Premium on bonds payable	204,198	204,198
	$ 418,929	**418,929**

In accordance with Company Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

2. Retained earnings

The Company's Articles of Incorporation provide that, when allocating the net profit for each fiscal year, the Company shall first offset its losses in previous years and then set aside the legal reserve at 10% of net profit. The Company shall also set aside special capital reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends. The ratio for all dividends shall exceed 10% of the remaining earnings. The appropriations of earnings are approved by the Company's Board of Directors in its meeting and presented for approval by the Company's shareholders in its meeting.

In accordance with the dividend policy provided in the Articles of Incorporation and the demand in upgrading equipment and expansion in the future, the ratio of cash dividend distribution shall not be less than 10% of the total distribution amount, and the remaining amount is distributed in shares.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(2) Special reserve

In accordance with the regulations of the FSC, a portion of the current period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings (which does not qualify for earnings distribution) shall be reclassified as special earnings reserve to account for the cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

The appropriations of earnings in 2022 and 2021 have been approved during the shareholders' meeting held on June 14, 2023 and June 23, 2022, respectively. The amounts of dividends distributed were as follows:

	2022	2022
Cash dividend per share (Unit: Thousand NTD)	**$ 0.50**	**1.05**

The above earnings distribution information may be inquired on the MOPS.

The appropriation of earnings in 2023 has been approved during the Board of Directors meeting held on March 8, 2024. The amount of dividends distributed to owners was as follows:

	2023
Cash dividends distributed to owners of common shares	**$ 79,950**

3. Other equity (net of tax)

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	Total
Balance as of January 1, 2023	$ (51,411)	7,444	(43,967)
Exchange Differences on Translation of Foreign Financial Statements	(26,068)	-	(26,068)
Balance as of December 31, 2023	**$ (77,479)**	**7,444**	**(70,035)**
Balance as of January 1, 2022	$ (223,166)	7,444	(215,722)
Exchange Differences on Translation of Foreign Financial Statements	129,319	-	129,319
Disposal of subsidiary	42,436	-	42,436
Balance as of December 31, 2022	**$ (51,411)**	**7,444**	**(43,967)**

(19) Earnings per share

The calculation of basic and diluted earnings per share of the Company is as follows:

Unit: Thousand shares

	2023	2022
Basic earnings per share:		
Net profit attributed to the common shares	$ 54,307	34,874
Weighted average common shares outstanding	159,899	159,899
Basic earnings per share (Unit: NTD)	$ 0.34	0.22
Diluted earnings per share:		
Net profit attributed to the common shares	$ 54,307	34,874
Weighted average common shares outstanding	159,899	159,899
Effect of potentially dilutive common shares		
Effect of remuneration of employees	393	473
Weighted average common shares outstanding plus the effect of potentially dilutive common shares	160,292	160,372
Diluted earnings per share (Unit: NTD)	$ 0.34	0.22

(20) Revenue from contracts with customers

1. Disaggregation of revenue

	2023			
	Taiwan	**China**	**Thailand**	**Total**
Primary geographical markets:				
Taiwan	$ 364,001	39,516	44	403,561
China	875,355	2,135,742	2,449	3,013,546
Thailand	22,952	925	1,032,482	1,056,359
South Korea	3,510	561,070	7,831	572,411
Vietnam	7,411	431,235	18,076	456,722
Other countries	2,796	100,669	344,898	448,363
	$ 1,276,025	3,269,157	1,405,780	5,950,962
Main product/service lines:				
Double sided PCB	$ 429,677	199,656	685,342	1,314,675
Multi-layer PCB	835,431	3,069,455	711,344	4,616,230
Others	10,917	46	9,094	20,057
	$ 1,276,025	3,269,157	1,405,780	5,950,962

		2022		
	Taiwan	**China**	**Thailand**	**Total**
Primary geographical markets:				
Taiwan	$ 333,295	71,429	-	404,724
China	1,040,605	2,349,608	2,172	3,392,385
Thailand	14,998	1,273	1,235,082	1,251,353
South Korea	12,286	978,002	525	990,813
Vietnam	6,628	355,201	100,173	462,002
Other countries	15,458	82,336	355,872	453,666
	$ 1,423,270	3,837,849	1,693,824	6,954,943
Main product/service lines:				
Double sided PCB	$ 479,632	284,770	710,808	1,475,210
Multi-layer PCB	922,616	3,552,967	967,782	5,443,365
Others	21,022	112	15,234	36,368
	$ 1,423,270	3,837,849	1,693,824	6,954,943

2. Contract balances

	2023.12.31	**2022.12.31**	**2022.1.1**
Notes receivable	$ 5,008	2,662	6,714
Accounts receivable	1,652,001	1,837,187	2,863,710
Less: Loss allowance	(5,448)	(37,221)	(53,194)
Total	$ 1,651,561	1,802,628	2,817,230
Contract liabilities (recognized in other current liabilities)	$ 3,158	2,613	2,028

Please refer to Note 6 (5) for the disclosure of notes and accounts receivable and their impairments.

(21) Remuneration of employees and remuneration of directors and supervisors

According to the Company's Article of Incorporation, if the Company incurs profit for the year, it shall allocate not less than 5% of the annual profit as remuneration of employee and no more than 3% as the remuneration of directors. Where there is cumulative losses, the Company shall first set aside the loss amount.

The 2023 and 2022 remuneration of employees estimates were NT$7,451 thousand and NT$3,323 thousand, respectively, and the remuneration of directors and supervisors estimates were NT$2,856 thousand and NT$1,400 thousand, respectively. The amounts were calculated by the net profit before tax excluding remuneration of employees and remuneration of directors and supervisors, of each year multiplied by the percentage of remuneration of employees and remuneration of directors and supervisors as specified in the Company's Article of Incorporation. The amounts were accounted for under operating expenses in 2022 and 2021. The differences between the estimated amounts in the financial statements and the estimates, if any, shall be accounted for as a change in accounting estimate and recognized in profit or loss in next year. The amounts, as stated in consolidated financial statements, were the same as those of actual distributions for 2023 and 2022.

The information above may be inquired on the MOPS.

(22) Non-operating incomes and expenses

1. Interest income

		2023	2022
Interest income from bank deposits	$	114,601	22,159

2. Other income

		2023	2022
Dividend income	$	7,257	14,203
Other income		81,416	40,746
Total	$	88,673	54,949

3. Other gains or losses

		2023	2022
Net foreign exchange gain	$	52,942	185,132
Net loss on disposal and scraps of property, plant and equipment		(8,168)	(13,432)
Gains (losses) on financial assets and liabilities at FVTPL		23,487	49,562
Loss on disposal of investments		-	(42,436)
Gains from modification of lease		17	2
Others		(812)	-
Total	$	67,466	178,828

4. Financial costs

		2023	2022
Interest expenses			
Bank loans	$	120,037	77,625
Lease liability		1,363	1,829
Total	$	121,400	79,454

(23) Financial instruments

1. Credit risk

(1) Exposure to credit risk

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

(2) Concentration of credit risk

As of December 31, 2023 and 2022, 42% and 42% of the Group's notes and accounts receivables, respectively, were concentrated on specific customers, respectively. Therefore, the Group was exposed to credit risk.

(3) Credit risk of receivables and financial assets measured at amortized costs

Please refer to Note 6 (5) for the credit risk exposure of accounts receivable.

Please refer to Note 6 (6) for impairments of other receivables. Other receivables and financial assets measured at amortized cost of the Group are financial assets with low credit risks, so the Group recognizes the loss allowance for 12 months expected credit losses. Financial assets measured at amortized cost are mainly time deposits. The Group assesses that there will be no significant expected credit loss.

2. Liquidity risk

The table below is the contractual maturity of financial liabilities, not including the effect of estimated interest payments.

	Carrying amount	Contract cash flow	Less than 1 year	1—2 years	2—5 years	Over 5 years
December 31, 2023						
Non-derivatives financial liabilities						
Short-term borrowings	$ 3,698,832	3,698,832	3,698,832	-	-	-
Short-term notes payable	149,840	149,840	149,840	-	-	-
Payables	1,064,229	1,064,229	1,064,229	-	-	-
Long-term borrowings	86,821	86,821	12,403	12,403	62,015	-
Lease liability	74,380	74,380	6,950	7,054	21,803	38,573
Guarantee deposit	61,780	61,780	47,750	130	6,058	7,842
	$ 5,135,882	5,135,882	4,980,004	19,587	89,876	46,415
December 31, 2022						
Non-derivatives financial liabilities						
Short-term borrowings	$ 3,389,027	3,389,027	3,389,027	-	-	-
Short-term notes payable	149,894	149,894	149,894	-	-	-
Payables	1,114,858	1,114,858	1,114,858	-	-	-
Long-term borrowings	116,300	116,300	16,837	16,837	82,626	-
Lease liability	88,917	88,917	14,163	6,950	21,855	45,949
Guarantee deposit	56,542	56,542	-	42,978	5,642	7,922
	$ 4,915,538	4,915,538	4,684,779	66,765	110,123	53,871

The Group did not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The Group's significant exposures of financial assets and liabilities to foreign currency exchange rate risk

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 136,972	30.6649	4,200,228	138,341	30.7107	4,248,541
Financial liabilities						
Monetary items						
USD	41,762	30.9588	1,292,894	75,451	30.8830	2,330,142

(2) Sensitivity analysis

The Group's exposure to exchange rate risk arose from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables and other receivables, borrowings, accounts payables and other payables that were denominated in foreign currency. Strengthening (weakening) 1% of appreciation (depreciation) of the NTD, RMB, and Thai baht against the USD as of December 31, 2023 and 2022, would cause the net profit after tax to decrease or increase by NT$37,857 thousand and NT$19,184 thousand, respectively, while the analysis assumed that all other variables remain constant. The analysis of both periods adopts the same basis.

(3) Exchange gains or losses of monetary items

As the Group is involved with numerous functional currencies from trading, it discloses the exchange gains or losses of monetary items in aggregation. The exchange gains or losses of monetary items (realized and unrealized) in 2023 and 2022 were NT$52,942 thousand and NT$185,132 thousand, respectively.

4. Other price risk

(1) The sensitivity analyses for the effect of changes in the securities price on comprehensive income at the reporting dates were performed using the same basis for profit or loss as illustrated below:

	2023		2022	
Price of securities at reporting date	Amount of other comprehensive income after tax	Net profit or loss after tax	Amount of other comprehensive income after tax	Net profit or loss after tax
Increasing 1%	$ 248	1,311	248	402
Decreasing 1%	$ (248)	(1,311)	(248)	(402)

(2) The sensitivity analyses for the effect of changes in the price of open-end funds on comprehensive income at the reporting dates were performed using the same basis

for profit or loss as illustrated below:

	2023		2022	
Price of open-end funds	**Amount of other comprehensive income after tax**	**Net profit or loss after tax**	**Amount of other comprehensive income after tax**	**Net profit or loss after tax**
Increasing 1%	$ -	10	-	9
Decreasing 1%	$ -	(10)	-	(9)

Please refer to Note 6.(5) "Fair value measurement of Level 3: Sensitivity analysis of fair value to reasonably possible alternative" for the price changes of Level 3 equity securities.

5. Interest rate risk

The Group's exposure to the interest rate of financial liabilities is described in the liquidity risk management in the Note.

The sensitivity analysis is determined in accordance with the interest rate exposure of the non-derivatives instrument at the reporting date. For the floating interest rate liabilities, the analysis is based on the assumption that the outstanding liability amount at the reporting date has been outstanding for the whole year. The interest rate variation that the internal personnel reporting the interest rate to the main management level is increase or decrease of 1%of interest rate, which is the assessment by the management on the reasonable possible variation scope.

Strengthening (weakening) 1% of increase or decrease of interest rate as of December 31, 2023 and 2022, would cause the net profit before tax to decrease or increase by NT$37,857 thousand and NT$35,053 thousand, respectively, while the analysis assumed that all other variables remain constant. They were mainly caused by the loans with floating rate of the Group.

6. Fair value information

(1) Types of financial instruments and their fair value

The carrying amounts of financial assets and liabilities and their fair values (including the fair value hierarchy; however, except for financial instruments not measured at fair value whose carrying amount was reasonably close to the fair value and lease liabilities, and disclosure of fair value information was not required) of the Group were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL					
Listed stocks	$ 131,089	131,089	-	-	131,089
Domestic open-end fund	1,001	1,001	-	-	1,001
Structured deposit	432,703	-	-	432,703	432,703
Subtotal	564,793	132,090	-	432,703	564,793
Financial assets at FVTPL through other comprehensive income					
Unquoted equity instruments at FVTPL	24,795	-	-	24,795	24,795
Financial assets measured at amortized cost					
Cash and cash equivalents	3,853,164	-	-	-	-
Notes and accounts receivable	1,651,561	-	-	-	-
Other receivables	52,995	-	-	-	-
Financial assets measured at amortized cost	3,095	-	-	-	-
Refundable deposit	3,560	-	-	-	-
Subtotal	5,564,375	-	-	-	-
Total	**$ 6,153,963**	**132,090**	**-**	**457,498**	**589,588**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 3,711,235	-	-	-	-
Short-term notes payable	149,840	-	-	-	-
Payables	1,064,229	-	-	-	-
Long-term borrowings	74,418	-	-	-	-
Lease liability	74,380	-	-	-	-
Guarantee deposit	61,780	-	-	-	-
Total	**$ 5,135,882**	**-**	**-**	**-**	**-**

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL					
Foreign currency swap contract	$ 2,751	-	2,751	-	2,751
Listed stocks	40,203	40,203	-	-	40,203
Domestic open-end fund	938	938	-	-	938
Structured deposit	15,428	-	-	15,428	15,428
Subtotal	59,320	41,141	2,751	15,428	59,320

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL through other comprehensive income					
Unquoted equity instruments at FVTPL	24,795	-	-	24,795	24,795
Financial assets measured at amortized cost					
Cash and cash equivalents	3,698,350	-	-	-	-
Notes and accounts receivable	1,802,628	-	-	-	-
Other receivables	64,560	-	-	-	-
Financial assets measured at amortized cost	3,052	-	-	-	-
Refundable deposit	41,198	-	-	-	-
Subtotal	5,609,788	-	-	-	-
Total	$ 5,693,903	41,141	2,751	40,223	84,115
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 3,405,864	-	-	-	-
Short-term notes payable	149,894	-	-	-	-
Payables	1,114,858	-	-	-	-
Long-term borrowings	99,463	-	-	-	-
Lease liability	88,917	-	-	-	-
Guarantee deposit	56,542	-	-	-	-
Total	$ 4,915,538	-	-	-	-

(2) Valuation techniques for fair value

A. Non-derivative financial instruments

The fair value of financial instruments which are traded in an active market was based on the quoted market price. The quotation announced by the main stock exchanges might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

A financial instrument was considered to be quoted in an active market if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represented actual and regularly occurring market transactions on an arm’s length basis. On the other hand, if the aforementioned terms were not met, it was regarded as an inactive market. Quoted market prices might not be indicative of the fair value of an instrument if the activity in the market was infrequent, the market was not well established, only small volumes were traded, or bid-ask spreads were very wide. Determining whether a market was active involves judgment.

Where the financial instrument held by the Group was regarded as being quoted in an active market, the fair values are listed based on the types and characteristics:

· The listed stock and domestic open-end funds, which had standard clauses and terms and were traded in the active market, their fair values were based on the quoted market price accordingly.

Measurements of fair value of financial instruments without an active market were based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that could be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, was calculated based on available market data at the consolidated balance sheet date.

Where the financial instrument held by the Group was regarded as being quoted in an inactive market, the fair values are listed based on the types and characteristics:

· For the unquoted equity instruments of the Company, their fair values were determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value was discounted for its lack of liquidity in the market.

· Unquoted structured deposit: The fair value is using the quotation of the counterparty as the reference.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments was based on the valuation techniques generally accepted by market participants. Forward exchange agreement is usually based on the forward exchange rate valuation. Fair value of swap exchange contracts were usually determined by the quotation information provided by financial institutions.

(3) The statement of changes of Level 3 assets

	Measured at FVTPL	Measured at FVTPL through other comprehensive income
January 1, 2023	$ 15,428	24,795
Total gains or losses		
Recognized in profit or loss	1,563	-

		Measured at FVTPL	Measured at FVTPL through other comprehensive income
Effect of changes in exchange rate		(6,885)	-
Purchase		857,109	-
Disposal		(434,512)	-
December 31, 2023	$	432,703	24,795
January 1, 2022	$	10,860	24,795
Total gains or losses			
Recognized in profit or loss		1,629	-
Effect of changes in exchange rate		146	-
Purchase		599,175	-
Disposal		(596,382)	-
December 31, 2022	$	15,428	24,795

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

The fair value measurements of the Group that are classified as Level 3 mainly include financial assets at FVTPL through other comprehensive income and non-derivatives financial assets designated as at FVTPL – structured deposits.

Equity investments without an active market contained multiple significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market were independent from each other, as a result, there was no relevance between them.

The inter-relationship between the significant unobservable inputs and fair value of the structured deposits of the Group is unable to be controlled in practice, so the structured deposits are not included in the disclosure scope of the sensitivity analysis on the quantified information of significant unobservable inputs and fair value to the reasonable possible substitute assumption.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL	Market approach	· Price-book ratio (2.18 and 1.32 as of	· The estimated fair value would

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
through other comprehensive income – Equity instrument investment without an active market	(comparable listed company approach)	December 31, 2023 and December 2022, respectively) · Market liquidity discount rate (both 40% as of December 31, 2023 and December 31, 2022, respectively)	increase if the multiplier was higher · The estimated fair value would decrease if market liquidity discount rate was higher

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

The Group's measurement on the fair value of financial instruments was deemed reasonable despite different valuation models or assumptions might lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Increase or decrease	The change of fair value in other comprehensive income	
			Favorable	Unfavorable
December 31, 2023				
Financial assets at FVTPL through other comprehensive income				
Equity instrument investment without an active market	Price-book ratio	5%	$ 4,392	(4,392)
	Market liquidity discount rate	5%	7,319	(7,319)
December 31, 2022				
Financial assets at FVTPL through other comprehensive income				
Equity instrument investment without an active market	Price-book ratio	5%	$ 3,100	(3,100)
	Market liquidity discount rate	5%	5,166	(5,166)

The favorable and unfavorable effects for the Group represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships with another input and other variabilities.

The fair value level of financial assets (liabilities) in 2023 and 2022 remained unchanged.

(24) Financial risk management

1. Overview

By using financial instruments, the Group was exposed to the risks below:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This Note expresses the Group's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments. Please refer to each note of the consolidated financial reports for the detailed quantitation disclosure.

2. Risk management framework

The Board of Directors is responsible for supervising the risk management framework of the Group. The heads of all departments constitute the cross-department operation management meeting, which is responsible for supervising the risk management policies of the Group and reports to the Board of Directors on a regular basis.

The heads of all departments identify and analyze the risks the Group is exposed to, review the impact of external elements on the operation to promptly respond to the market conditions, and make proper adjustments on the operation of the Group in response to the market change. The Group allows all employees to learn their roles and responsibilities through training, management rules, and operation procedures.

The supervisors and the Audit Committee of the Group supervise the management on monitoring the risk management policy and the compliance of the procedure of the Group. The internal audit personnel assists the supervisors and the Audit Committee in the supervising work. The personnel conducts audits on risk management controls and procedures on a regular and random basis and reports the audit results to the supervisors and the Audit Committee.

3. Credit risk

Credit risk was the risk of financial loss to the Group if a customer or counterparty to financial instruments failed to meet its contractual obligations that arose principally from the Group's receivables, bank deposits, and other financial instruments.

(1) Accounts receivable

The credit risk exposure of the Group is mainly affected by the conditions of individual customer. In accordance with the credit extension policy, the Group uses the publicly available financial information and transaction records to assess the main customers before providing the payment terms and credit line. The credit line is determined on a customer-by-customer basis, and it will be reviewed on a regular basis.

The Group prepares a loss allowance account for the incurred losses of notes and accounts receivable. The main components of the loss allowance include specific losses related to individual significant exposure.

(2) Bank deposits and other financial instruments

The Finance Department of the Group is responsible for measuring and monitoring the credit risk of bank deposits and other financial instruments. As the counterparty of the transaction and contracts of the Group are banks with excellent credit, there is no significant concern regarding the contract performance. Therefore, there is no significant credit risk.

(3) Guarantee

The policy of the Group provides that the Group can only provide financial guarantees to a 100% owned subsidiary. As of December 31, 2023 and 2022, the Group did not provide guarantees to other parties other than the subsidiaries.

4. Liquidity risk

Liquidity risk is the risk of being unable to fulfill the obligations that the Group is unable to pay in cash or with other financial assets to repay the financial liabilities. The liquidity management method of the Group is to ensure the Group will have sufficient liquidity to pay mature liabilities in general situation and under pressure in order to prevent unacceptable loss or the risk of damaging the reputation of the Group.

The Finance Department of the Group is responsible for monitoring the cash flow demand and planning the most suitable investment for cash rewards using the idle funds. In general, the Group ensures it has sufficient cash to cover the expected operating expenditures for 1 year, including the fulfillment of financial obligations. However, the potential effects that cannot be reasonably expected in the extreme condition, such as natural disasters, are not included. In addition, as of December 31, 2023 and 2022, the unused long-term and short-term borrowings amounts (including commercial papers) of the Group were NT$4,641,933 thousand and NT$3,705,377 thousand, respectively.

5. Market risk

The market risk mainly refers to the risk of changes of the fair value due to the changes of exchange rate, interest rate, and price of equity securities market that may cause the losses of the Group when engaging in related transactions. To manage the exchange rate risk, the Group only maintains a certain portion of net foreign currency position. Meanwhile, the Group chooses to engage with banks with excellent credits for forward exchange transactions and designates professional managerial officers to manage the market risk. In addition, the financial assets of the Group with the fair value risk from the change of interest rate are bank deposits, and the financial liabilities are short-term borrowings, short-term notes payable and long-term borrowings. However, the changes in the market interest rate are limited. In addition, the open-ended funds and listed stocks held by the Group are measured at fair value, the Group is exposed to the risk of market price changes of equity securities. The Group carefully selects the investment targets when engaging in relevant transaction and controls the positions held to manage the market risk. In conclusion, the effect of the risks incurred from the changes in the fair value due to the changes in the market price of exchange rate, interest rate, and equity securities on the financial assets and liabilities are not significant.

(25) Capital management

The policy of the Board of Directors on capital management is to maintain healthy capital position to maintain the confidence of investors, debtors, and the market and to support the future operation development. Capital consists of share capitals, capital surplus and retained earnings of the Group. The Board of Directors is responsible for controlling the debt-to-capital ratio as well as the dividend level of common shares.

	2023.12.31	2022.12.31
Total liabilities	$ 5,335,830	5,141,141
Less: Cash and cash equivalents	3,853,164	3,698,350
Net liabilities	$ 1,482,666	1,442,791
Total equity	$ 3,563,128	3,616,638
Debt-to-capital ratio	41.61%	39.89%

As of December 31, 2023, the Group's capital management strategy remained unchanged.

(26) Investment and financing activities not affecting the current cash flow

The reconciliations of liabilities arising from financing activities were as follows:

		Cash flow		Non-cash changes				
	2023.1.1	Increase	Decrease	Addition	Changes in exchange rate	Changes in fair value	Disposal	2023.12.31
Long-term borrowings	$ 116,300	23,776	(53,255)	-	-	-	-	86,821
Short-term borrowings	3,389,027	16,918,362	(16,608,557)	-	-	-	-	3,698,832
Short-term notes payable	149,894	1,320,753	(1,320,807)	-	-	-	-	149,840
Lease liability	88,917	-	(13,894)	126	11	-	(762)	74,398
Total liabilities arising from financing activities	$ 3,744,138	18,262,891	(17,996,513)	126	11	-	(762)	4,009,891

		Cash flow		Non-cash changes				
	2022.1.1	Increase	Decrease	Addition	Changes in exchange rate	Changes in fair value	Disposal	2022.12.31
Long-term borrowings	$ 121,338	118,862	(123,900)	-	-	-	-	116,300
Short-term borrowings	3,475,306	15,593,503	(15,679,782)	-	-	-	-	3,389,027
Short-term notes payable	99,972	1,160,270	(1,110,348)	-	-	-	-	149,894
Lease liability	102,210	-	(13,928)	484	236	-	(85)	88,917
Total liabilities arising from financing activities	$ 3,798,826	16,872,635	(16,927,958)	484	236	-	(85)	3,744,138

7. Related party transactions

(1) Names and relationship with the related parties

Related Party Name	Relationship with the Group
Lai, Chin-Tsai	The major management of the Group
Tsao, Yueh-Hsia	The major management of the Group

(2) Significant transactions with related parties

1. The rent expenditures for the lease land and building from related party due to business demand of the Group are as follows:

Related Party Type	Lease target	Lease period	2023	2022
The major management of the Group	Office of I Tzu Investment Co., Ltd.	1 year	$ 144	144
	Office of APCB Investment Co., Ltd.	1 year	144	144
			$ 288	288

The rent expenditures for leasing offices from the major management of the Group by I Tzu Investment and APCB Investment were both NT$12 thousand on a monthly basis, and both companies made the prepayment of whole year's rent at once. No rent payables as of December 31, 2023 and 2022.

The Group leased lands from the major management. The interest expenditures recognized in 2023 and 2022 were NT$401thousand and NT$460thousand, respectively. As of December 31, 2023 and 2022, the balances of lease liabilities were NT$25,627thousand and NT$27,987thousand, respectively.

2. Others

The major management of the Group provided the lands under their name to banks as the collateral of short-term borrowings in 2023 and 2022.

(3) Remuneration of major management

The remuneration of major management includes:

	2023	2022
Short-term employee benefits	$ 23,077	20,934
Post-employment benefits	344	344
	$ 23,421	21,278

The short-term employee benefits in 2023 and 2022 did not include vehicles for the Chairman, President, and Vice President, and the costs were NT$10,193thousand and NT$10,200 thousand, respectively. As of December 31, 2023 and 2022, the book values were NT$1,047 thousand and NT$1,807 thousand, which were recognized in property, plant and equipment.

8. Pledged assets

The carrying values of pledged assets of the Group were as follows:

Pledge assets	Object	2023.12.31	2022.12.31
Accounts receivable	Short-term borrowings	$ 92,677	113,980
Financial assets measured at amortized cost – Non-current:			
Restricted time deposit	Short-term borrowings	3,095	3,052
Property, plant and equipment:			
Land	Long-term and short-term borrowings	134,060	134,060
Building	Long-term and short-term borrowings	84,033	101,799
Right-of-use assets:			
Land	Short-term borrowings	24,719	27,191
		$ 338,584	380,082

9. Significant contingent liabilities and unrecognized commitments

(1) Unrecognized commitments of the Group were as follows:

	2023.12.31	2022.12.31
Acquisition of property, plant and equipment	$ 43,788	50,683

(2) The guaranteed bills issued by the Company for the bank loans of the Group endorsed or guaranteed by the Company:

	2023.12.31	2022.12.31
Endorsements/guarantees	$ 2,281,288	2,119,420

(3) Electricity guarantee amount provided by the banks to the Group:

	2023.12.31	2022.12.31
Electricity guarantee	$ 2,705	2,682

10. Losses Due to Major Disasters: None.

11. Material events after the period: Please refer to Note 6(18).

12. Others

Total employee benefits, depreciation, consumption, and amortization expenses categorized by function were as follows

By function / By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,144,108	215,520	1,359,628	1,285,863	217,500	1,503,363
Labor and health	63,739	19,598	83,337	70,970	17,741	88,711

By function By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
insurance expenses						
Pension expenses	48,729	10,933	59,662	53,393	5,537	58,930
Other employee benefits expenses	17,734	33,136	50,870	19,321	18,950	38,271
Depreciation expense	364,561	14,751	379,312	376,482	15,571	392,053
Amortization expenses	264	2,384	2,648	422	2,221	2,643

13. Other Disclosures in Notes

(1) Information on Significant Transactions

The following was the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

1. Loans to other parties:

Unit: Thousand NTD

Serial No.	Lending company	Recipients of the loans	Items of engagement	Whether they are a related party	Maximum amount of the current period (Note 3)	Balance as of December 31 (Note 3)	Actual used amount (Note 4)	Interest rate range %	Nature of loans (Note 1)	Engagement amount	Reasons for the necessity of short-term loans	Loss allowance amount set aside	Collateral Name	Collateral Value	Maximum credit line to individual party (Note 2)	Total credit line limit (Note 2)
1	U-Peak Ltd.	APCB Electronics (Thailand) Co., Ltd.	Other receivables – Related party	Yes	150,455 (USD4,900)	150,455 (USD4,900)	150,455 (USD4,900)	-	2	-	Demand of operating funds	-		-	1,751,144 (USD57,031)	1,751,144 (USD57,031)
1	〃	APCB International Co., Ltd.	Other receivables – Related party	Yes	743,061 (USD24,200)	743,061 (USD24,200)	743,061 (USD24,200)	-	2	-	Demand of operating funds	-		-	1,751,144 (USD57,031)	1,751,144 (USD57,031)
2	APCB Holdings Limited	APCB Electronics (Thailand) Co., Ltd.	Other receivables – Related party	Yes	294,461 (USD9,590)	294,461 (USD9,590)	294,461 (USD9,590)	-	2	-	Demand of operating funds	-		-	294,500 (USD9,591)	294,500 (USD9,591)
3	Prosper Plus Limited	APCB Electronics (Thailand) Co., Ltd.	Other receivables – Related party	Yes	92,115 (USD3,000)	92,115 (USD3,000)	92,115 (USD3,000)	-	2	-	Demand of operating funds	-		-	163,873 (USD5,337)	163,873 (USD5,337)
3	〃	APCB International Co., Ltd.	Other receivables – Related party	Yes	61,410 (USD2,000)	61,410 (USD2,000)	61,410 (USD2,000)	-	2	-	Demand of operating funds	-		-	163,873 (USD5,337)	163,873 (USD5,337)
4	Green Elite Limited	APCB International Co., Ltd.	Other receivables – Related party	Yes	30,705 (USD1,000)	30,705 (USD1,000)	30,705 (USD1,000)	-	2	-	Demand of operating funds	-		-	38,780 (USD1,263)	38,780 (USD1,263)

Note 1: The descriptions of the nature of loan are as follows:

1. Please input 1for related parties with business engagement.
2. Please input 2for the necessity of short-term loans.

Note 2: In accordance with the “Regulations Governing Loans to Others by Subsidiaries,” the restriction that inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares shall not exceed 40 percent of the lender’s net worth and with the maturity of 1 year does not apply. However, the total amount shall not exceed 100% of the lender’s net worth. The individual loan amount shall not exceed 100% of the lender’s net worth and the maturity shall not exceed 5 years.

Note 3: The maximum loan amount.

Note 4: The transactions among subsidiaries in the Group have been written off when preparing the consolidated financial statements.

Note 5: The above mentioned amount was calculated based on the exchange rate on December 31, 2023 (1 USD : 30.705NTD).

2. Endorsement and guarantees for others:

Serial No.	Name of endorser and guarantor	Endorsee and guarantee		Endorsement and guarantee limit to single entity (Note 1)	The highest endorsement and guarantee balance in the current term	Balance of endorsement and guarantee as of December 31	Actual used amount in the current term	Endorsement and guarantee amount secured by assets	Cumulative endorsement and guarantee amount to the net value in the financial statements of the most recent fiscal year	Maximum endorsement and guarantee amount (Note 1)	Endorsement and guarantee to subsidiaries by parent company	Endorsement and guarantee to the parent company by subsidiaries	Endorsement and guarantee to companies in Mainland China
		Company name	Relationship (Note 2)										
0	The Company	APCB Electronics (Kunshan) Co., Ltd.	2	2,850,502	1,306,378	1,203,113	51,924	-	33.77%	3,563,128	Y	N	Y
0	〃	APCB Electronics (Thailand) Co., Ltd.	2	2,850,502	1,182,572	1,078,175	443,687	-	30.26%	3,563,128	Y	N	N

Note 1: In accordance with the "Procedures for Endorsement/Guarantee" of the Company, the total endorsement and guarantee by the Company is limited to 100% of the net value in the financial statements of the most recent fiscal year. The endorsement and guarantee to single entity shall not exceed 80% of the net value in the financial statements of the most recent fiscal year. Where an endorsement/guarantee is made due to needs arising from business dealings, the endorsement and guarantee shall not exceed the total transaction amount (the higher of purchases or sales between two parties) with the Company in the most recent fiscal year

Note 2: There are 7 types of relationships between the endorser/guarantor and endorsee/guarantee as follows. Only identifying the types will be sufficient:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
4. A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
5. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

3. Marketable securities held as of December 31 (not including the investment in subsidiaries, affiliates, and joint equity):

Name of the Company	Types and names of the equity securities	Relationship with the issuer	Item	December 31				Highest shareholding or capital owned during the period	Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholding ratio	Fair value		
The Company	Shares:								
	Motech Industries Inc.	—	Financial assets measured at FVTPL – Current	132	3,699	0.03%	3,699	0.03%	
"	Winbond Electronics Corporation	—	〃	600	18,270	0.01%	18,270	0.01%	
"	Evergreen Marine Corporation	—	〃	90	12,915	- %	12,915	- %	
"	CATHAY FINANCIAL HOLDINGS	—	〃	200	9,150	-	9,150	- %	
"	WIN Semiconductors Corp.	—	〃	140	22,260	0.03%	22,260	0.03%	
"	Taiwan Semiconductor Manufacturing Company Limited	—	〃	10	5,930	-	5,930	- %	
"	HannStar Display Corporation	—	〃	2,700	31,995	0.09%	31,995	0.09%	
"	Fulltech Fiber Glass Corporation	—	〃	100	1,565	0.02%	1,565	0.02%	
"	UNIC TECHNOLOGY CORP.	—	〃	250	6,125	0.17%	6,125	0.17%	
"	ITEQ CORPORATION	—	〃	100	8,480	0.03%	8,480	0.03%	
	Co-tech Development Corporation			50	3,030	0.02%	3,030	0.02%	
	Apex International Co., Ltd.			50	2,520	0.03%	2,520	0.03%	
"	ADATA Technology Co., Ltd.		〃	50	5,150	0.02%	5,150	0.02%	
					131,089		131,089		
	Taishin Flexible Interest Bond Fund		Financial assets measured at FVTPL – Current	100	1,001	- %	1,001	- %	
					132,090		**132,090**		
"	Shares:								
	Leison Technology Company Ltd.	—	Financial assets through other comprehensive income at FVTPL – Non-current	1,735	**24,795**	16.58%	**24,795**	16.58%	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital:

Unit: Thousand NTD

Buying/ selling company	Types and names of the equity securities	Item	Counterparty of the transaction	Relation	Beginning of period		Buying		Selling				December 31	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal gain or loss	Number of shares	Amount (Note)
APCB Electronics (Kunshan) Co., Ltd.	Fubon Wah I Bank- Securities such as structured deposits	Financial assets measured at FVTPL			-	15,428 (RMB3,500)	-	483,498 (RMB110,000)	-	434,512 (RMB98,855)	432,949 (RMB98,500)	1,563 (RMB355)	-	65,977 (RMB15,000)
〃	Metropolitan Bank & Trust Company- Held-to-maturity protected structured deposits	〃			-	-	-	373,611 (RMB85,000)	-	-	-	-	-	373,611 (RMB85,000)

Note: On December 31, 2023, the exchange rate between RMB and NTD was 1: 4.3954, and the amount excluding the effect of exchange rate was NT$6,885 thousand.

5. Acquisition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital: None.

6. Disposition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital: None.

7. Total purchases from or sales to related parties with amount exceeding the lower of NT$100 million or 20% of share capital:

Companies that purchases/ sales were from/to	Name of the counterparty	Relation	Transaction status				The difference on the transaction terms compared to general transactions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchases/ sales	Amount	To the total purchases/sales (%)	Credit period	Unit price	Credit period	Balance	To the total notes and accounts receivable (payable) (%)	
APCB Electronics (Kunshan) Co., Ltd.	The Company	Parent company and subsidiaries	Sales	(393,706)	10.99	(Note 1)	(Note 1)	(Note 1)	164,506	15.52	
"	Smart Explorer Limited	Affiliates	Sales	(217,365)	5.72	(Note 1)	(Note 1)	(Note 1)	85,607	8.02	
Kunshan Hao Duo Electronics Co., Ltd.	APCB Electronics (Thailand) Co., Ltd.	Affiliates	Sales	(170,902)	100.00	(Note 1)	(Note 1)	(Note 1)	84,026	100.00	

Note 1: The prices were calculated based on the agreed price between the Company and the related parties. The payment period was determined by the receivable conditions of the Company from customers.

Note 2: The transactions between the Company and subsidiaries in the Group have been written off when preparing the consolidated financial reports.

8. Total receivables from related parties with amount exceeding the lower of NT$100 million or 20% of share capital:

Unit: Thousand NTD

Companies recognized in receivables	Name of the counterparty	Relation	Balance of receivables from related parties	Turnover %	Overdue receivables from related parties		Post-period recovery amount of receivables from related parties	Loss allowance amount set aside
					Amount	Disposal approach		
APCB Electronics (Kunshan) Co., Ltd.	The Company	Parent company and subsidiaries	164,506 (USD 5,358) (Note 1)	2.82	-		17,393 (USD2,429)	-
U-Peak Ltd.	APCB International Co., Ltd.	Affiliates	743,061 (USD 24,200) (Note 2)	-	-		-	-
〃	APCB Electronics (Thailand) Co., Ltd.	Affiliates	150,455 (USD 4,900) (Note 2)	-	-		-	-
APCB Holdings Limited	APCB Electronics (Thailand) Co., Ltd.	Affiliates	294,461 (USD 9,590) (Note 2)	-	-		-	-

Note 1: Receivables from sales income.

Note 2: Principle of loans.

Note 3: Include the accounts receivables and receivables for procurement of parts for others.

Note 4: As of March 8, 2024.

9. Derivative transactions:

Please refer to Note 6 (2) Financial assets and liabilities at FVTPL.

The Group's realized gains due to foreign exchange transactions in 2023 amounted to NT$21,768 thousand, which were recognized under other gains and losses. Please refer to Note 6(22).

10. Business relations and significant transactions between the parent company and subsidiaries:

Serial No. (Note 1)	Related Party Name	Counterparty	Relationship with the counterparty (Note 2)	Transactions			
				Item	Amount	Transaction terms	The ratio to the total revenue or total assets of the Group (%)
1	U-peak Ltd.	APCB Electronics (Thailand) Co., Ltd.	3	Other receivables	150,455	No interests for loans. No general customers for comparison	1.69%
1	〃	APCB International Co., Ltd.	3	Other receivables	743,061	No interests for loans. No general customers for comparison	8.35%
2	APCB Electronics (Kunshan) Co., Ltd.	The Company	2	Sales revenue	393,706	Calculated based on the price agreed by both parties using the market price as reference	6.62%
2	〃	The Company	2	Accounts receivable	164,506	Determined by the receivables condition of the Company	1.85%
2	〃	Smart Explorer Limited	3	Sales revenue	217,365	Calculated based on the price agreed by both parties using the market price as reference	3.65%
3	APCB Holdings Limited	APCB Electronics (Thailand) Co., Ltd.	3	Other receivables	294,461	No interests for loans. No general customers for comparison	3.30%
3	Kunshan Hao Duo Co., Ltd.	APCB Electronics (Thailand) Co., Ltd.	3	Sales revenue	170,902	Calculated based on the price agreed by both parties using the market price as reference	2.87%
4	Prosper Plus Limited	APCB Electronics (Thailand) Co., Ltd.	3	Other receivables	92,115	No interests for loans. No general customers for comparison	1.04%

Note 1. Please fill in the number as instructed below:
1.0 represents parent company.
2.The subsidiaries is numbered in sequence based on the company name starting from 1.

Note 2. The relationship type with the counterparty is marked as follows:
1.Parent company to subsidiaries.
2.Subsidiaries to parent company.
3.Subsidiaries to subsidiaries.

Note 3. The amount of an item in the balance sheet is disclosed if it accounts for 1% or more of the consolidated total assets and item of profit or loss accounts for 1% or more to the consolidated total revenue.

(2) Information on Investees:

The information on investees in 2023 (not including investees in Mainland China):

Unit: Thousand NTD/thousand shares

Name of investing company	Name of investee	Location	Major business items	Initial investment amount		Held as of December 31			Highest shareholding or capital owned during the period %	Current profit or loss of the investee (Note 2)	Investment profit or loss recognized in the current period (Note 2 and 4)	Remarks
				By the end of the current period	As of December 31 of the previous year	Number of shares	Ratio %	Carrying amount (Note 2 and 4)				
APCB INC.	APCB International Co., Ltd.	British Virgin Islands	Investment business	2,708,212 (USD88,201)	2,708,633 (USD88,201)	(Note1)	100.00	1,087,825	100.00	89,921	89,921	Subsidiary of the Company
〃	U-Peak Ltd.	Samoa	〃	96,721 (USD3,150)	96,737 (USD3,150)	(Note1)	100.00	1,751,144	100.00	22,645	22,645	Subsidiary of the Company
〃	APCB Investment Co., Ltd.	Taiwan	〃	87,000	87,000	8,700	100.00	136,632	100.00	(208)	(208)	Subsidiary of the Company
〃	I Tzu Investment Co., Ltd.	Taiwan	〃	87,000	87,000	8,700	100.00	134,691	100.00	(172)	(172)	Subsidiary of the Company
〃	Red Noble Limited	Samoa	〃	9,212 (USD300)	9,213 (USD300)	(Note1)	100.00	83,824	100.00	(31,232)	(31,232)	Subsidiary of the Company
APCB International Co., Ltd.	APCB Investment Co., Ltd.	Mauritius	Investment business	819,056 (USD26,675)	919,189 (USD26,675)	(Note1)	100.00	1,797,686	100.00	214,875	214,875	Subsidiary of the subsidiary of the Company
〃	New Day Limited	Samoa	〃	6,448 (USD210)	6,449 (USD210)	(Note1)	100.00	59,568	100.00	9,004	9,004	Subsidiary of the subsidiary of the Company
〃	APCB Capital Limited	Samoa	〃	2,839,721 (USD92,484)	2,840,183 (USD92,484)	(Note1)	100.00	51,861	100.00	(134,121)	(134,121)	Subsidiary of the subsidiary of the Company
U-Peak Ltd.	Prosper Plus Limited	Samoa	Trade business	30,705 (USD1,000)	30,450 (USD1,000)	(Note1)	100.00	163,873	100.00	62	62	Subsidiary of the subsidiary of the Company
I Tzu Investment Co., Ltd.	APCB Holdings Limited	British Virgin Islands	Investment business	73,692 (USD2,400)	73,704 (USD2,400)	(Note1)	50.00	147,238	50.00	-	-	Subsidiary of the subsidiary of the Company
APCB Investment Co., Ltd.	APCB Holdings Limited	British Virgin Islands	"	73,692 (USD2,400)	73,704 (USD2,400)	(Note1)	50.00	147,262	50.00	-	-	Subsidiary of the subsidiary of the Company
APCB Capital Limited	APCB Electronics (Thailand) Co., Ltd.	Thailand	Design, development and manufacturing of multi-layer PCB and new electronic parts	2,836,804 (USD92,389)	2,837,266 (USD92,389)	(Note1)	100.00	49,374	100.00	(134,121)	(134,121)	Subsidiary of the subsidiary of the subsidiary of the Company
Red Noble Limited	Green Elite Limited	Somoa	Trade business	3,071 (USD100)	3,071 (USD100)	(Note1)	100.00	38,780	100.00	30	30	Subsidiary of the subsidiary of the Company
〃	Smart Explorer Limited	Somoa	Trade business	3,071 (USD100)	3,071 (USD100)	(Note1)	100.00	42,097	100.00	(31,280)	(31,280)	Subsidiary of the subsidiary of the Company

Note 1: It is a limited company.

Note 2: The long-term equity investment and investment profit or loss of the current period were recognized as profit or loss using equity method based on the audited financial statements by CPAs of parent company in Taiwan.

Note 3: Apart from that the investment profit or loss of the current period and the investment profit or loss of the current period of the investee adopted the weighted average exchange rate (1USD : 31.155NTD), the rest of the profit or loss were calculated with the exchange rate on December 31, 2023 (1USD : 30.705NTD).

Note 4: The book value of long-term equity between the Company and all subsidiaries and the investment profit or loss recognized in the current term have been written off when preparing the consolidated financial statements.

(3) Information on Investment in Mainland China:

1. Information on the name of the investees in Mainland China and major business items:

Unit: Thousand NTD

Name of investee in Mainland China	Major business items	Paid-in capital	Investment approach (Note1)	Accumulated outward remittance for investment from Taiwan as of January 1	Remittance or recovered investment amount of the current period		Accumulated outward remittance for investment from Taiwan as of December 31	Current profit or loss of the investee (Note 2)	Shareholding ratio of direct and indirect investment by the Company	Highest shareholding or capital owned during the period %	Profit or loss of investment recognized in the current period (Note2and4)	Carrying amount of investment as of December 31 (Note2and4)	Accumulated repatriation of investment income as of December 31
					Outward remittance	Recover							
APCB Electronics (Kunshan) Co., Ltd.	Design, development and manufacturing of multi-layer PCB and new electronic parts	783,105 (USD 25,500)	(2)	819,056 (USD26,675)	-	-	819,056 (USD26,675)	214,812 (USD6,895)	100.00	100.00	214,812 (USD6,895)	1,791,330 (USD58,340)	-
Kunshan Hao Duo Electronics Co., Ltd.	PCB business	6,449 (USD 210)	(2)	6,448 (USD210)	-	-	6,448 (USD210)	9,004 (USD289)	100.00	100.00	9,004 (USD289)	59,567 (USD1,940)	-

Note 1: The investment methods are classified into the following 3 types. Only the type is required to be identified:

(I) Direct investment in China.

(II) Investment in APCB International Co., Ltd. in the third area, and reinvestment from that company in Mainland China.

(III) Other approaches.

Note 2: It refers to the reinvestment amount through APCB International Co., Ltd. The disclosed profit or loss of investment and the carrying amount was the amount of each direct or indirect investment item. The long-term equity investment and the profit or loss of investment was recognized by that company measured using equity method based on the audited financial statements of the parent company in Taiwan.

Note 3: Apart from that the accumulated repatriation of investment profit or loss of the investee in the current period adopts historical exchange rate and that the current profit or loss and the recognized investment profit or loss adopts weighted average exchange rate (1USD : 31.155NTD), the rest of the profit or loss were calculated with the exchange rate on December 31, 2023 (1USD : 30.705NTD).

Note 4: The book value of long-term equity and the investment profit or loss recognized in the current term have been written off when preparing the consolidated financial statements.

2. The investment limit in Mainland China:

Unit: Thousand NTD

Accumulated outward remittance for investment in China as of December 31	Investment amounts authorized by the Investment Commission, Ministry of Economic Affairs	Maximum amount of investment stipulated by Investment Commission, Ministry of Economic Affairs
825,504 (USD 26,885) (Note 1)	825,504 (USD 26,885) (Note 1)	2,137,877 (Note2)

Note 1: The investment in Mainland China refers to the investment amount of the Company through APCB International Co., Ltd. As of December 31, 2023, the Company has requested permission from the Investment Commission and remitted US$26,885 thousand.

Note 2: 60% of net value.

Note 3: The investment amount in Mainland China, accumulated outward remittance for investment in China as of December 31, and maximum amount of investment approved by the Investment Commission were calculated using the exchange rate on December 31, 2023 (1USD : 30.705NTD).

3. Significant transactions between the Company and the investees in Mainland China:

Please refer to (1) Information on Significant Transaction for the significant transaction between the Group and subsidiaries in Mainland China. The direct and indirect transactions with subsidiaries in Mainland China have been written off when preparing the consolidated financial statements.

(4) Information on Major Shareholders:

Name of major shareholders / Share	Increase (decrease)	Shareholding ratio
Lai, Chin-Tsai	10,299,803	6.44%
Tsao, Yueh-Hsia	9,924,708	6.20%

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

(2) If shares are entrusted, the above information regarding such shares will be revealed by each trustor of individual trust accounts. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to the Securities and Exchange Act. The number of shares declared by the insider includes the shares of the trust assets over which the insider has discretion. For details of the insider's equity announcement, please refer to the MOPS website.

(3) The shareholding ratio is rounded to the second decimal point unconditionally.

14. Segment Information

(1) General information

The Group consists of three reporting segments: Taiwan, Mainland China, and Thailand. Each segment manufactures and sells products on its own. The reporting segments of the Group are regional business entities that provide different products for the demands of different customers in different regions. As each regional business entity requires different technologies and marketing strategies, these entities shall be managed individually. The Group did not apportion the income tax expenses to the reporting segments. In addition, the profit or loss of all reporting segments includes significant non-cash items other than depreciation and amortization. The reporting amount is consistent with the amount in the report used by the operating decision maker. The profit or loss of the operating units of the Group is measured by net profit before tax and is used as the basis for performance assessment.

(2) The profit or loss, assets, liabilities of the reporting segments and the adjustment information

	2023					
	Taiwan	**China**	**Thailand**	**Others**	**Adjustment and write-off**	**Consolidated**
Income:						
Income from external customers	$ 1,276,025	3,269,157	1,405,780	-	-	5,950,962
Income from other segments	4,660	819,221	5,116	-	(828,997)	-
Total income	**$ 1,280,685**	**4,088,378**	**1,410,896**	**-**	**(828,997)**	**5,950,962**
Interest expenses	**$ 43,788**	**43,865**	**33,747**	**-**	**-**	**121,400**
Depreciation and amortization	**$ 51,355**	**173,006**	**157,599**	**-**	**-**	**381,960**
Profit or loss of the segment	**$ 84,907**	**186,932**	**(134,133)**	**(58,412)**	**-**	**79,294**

	2022					
	Taiwan	**China**	**Thailand**	**Others**	**Adjustment and write-off**	**Consolidated**
Income:						
Income from external customers	$ 1,423,270	3,837,849	1,693,824	-	-	6,954,943
Income from other segments	11,639	851,794	11,401	-	(874,834)	-
Total income	**$ 1,434,909**	**4,689,643**	**1,705,225**	**-**	**(874,834)**	**6,954,943**
Interest expenses	**$ 31,169**	**27,900**	**20,385**	**-**	**-**	**79,454**
Depreciation and amortization	**$ 59,608**	**174,894**	**160,194**	**-**	**-**	**394,696**
Profit or loss of the segment	**$ 44,428**	**150,743**	**(151,290)**	**(10,101)**	**-**	**33,780**

The total income of the segments income of the reporting segments in 2023 and 2022 shall write off NT$828,997thousand and NT$874,834thousand, respectively.

(3) Product and service information

The information of income of the Group from external customers is as follows:

Name of product and service	**2023**	**2022**
Double sided PCB	$ 1,314,675	1,475,211
Multi-layer PCB	4,616,230	5,443,364
Others	20,057	36,368
Total	**$ 5,950,962**	**6,954,943**

(4) Information of regions

The information of regions of the Group is as follows. The income is classified based on the geolocation of customers, and the non-current assets are classified based on the geolocation of the assets.

Income from external customers:

Location	2023	2022
Americas	$ 75,378	85,630
Europe	151,487	184,219
Asia	5,724,097	6,685,094
Total	$ 5,950,962	6,954,943

Non-current assets:

Location	112.12.31	2022.12.31
Taiwan	$ 357,839	403,927
China	1,042,545	1,145,611
Thailand	604,995	730,924
Other countries	6,197	6,198
Total	$ 2,011,576	2,286,660

(5) Information of major customers

The list of customers whose sales income accounted for 10% or more to the operating revenue in the income statement in 2023 and 2022 is as follows:

	2023		2022	
	Amount	%	Amount	%
S-31Company	$ 1,002,402	16.84	1,282,557	18.44
G-15Company	$ 547,973	9.21	700,413	10.07

5. Parent company only financial statements for the latest year, certified by CPAs

Independent Auditors' Report

To Board of Directors, APCB INC.

Audit opinions

We have audited the accompanying parent company only financial statements of APCB INC. (the "Company"), which comprise the parent company only balance sheets as of from January 1 to December 31, 2023 and 2022, and the parent only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies as of from January 1 to December 31, 2023 and 2022.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as of from January 1 to December 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the entrusted Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Company in accordance with the Code of Ethics and perform other obligations of such 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 unconsolidated financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by our accountants to be stated on the auditors' report are as follows:

1. Recognition of revenue

   Please refer to Note 4 (13) in the parent company only financial statements for the accounting policy of the recognition of revenue; please refer to Note 6 (19) in the parent company only financial statements for the disclosure of revenue items.

   Description of key audit matters:

Sales revenue is one of the key indicators for the investors and the management to assess the financial or business performance of the Company. In addition, the Company is a TWSE listed company, which receives high attention of the investors. In addition, the judgment of the timing of revenue recognition and the transfer of control of goods are extremely important for the fair presentation of the financial statements. Therefore, we consider revenue recognition as one of the key audit matters in auditing the current year's financial report.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

- Conduct tests on the effectiveness of the design and implementation of internal control related to the recognition of revenues, including randomly selecting samples to verify the basic information, transaction terms, and payment receipts of customers.
- Conduct trend analysis on the top 10 customers in terms of sales, including comparing the customer list and the amount of sales revenue in the current period, last period, and the same period in the previous year, to analyze whether or not there is any significant abnormality. In case of any significant changes, we will verify them and analyze the causes.
- Randomly inspect the annual sales transactions to assess the truthfulness of sales transactions, the correctness of recognition amount of the sales revenue, and the reasonableness of the time being recognized.
- Test the samples of sales transactions prior to and after the end of the fiscal year to assess whether or not the timing of recognizing the revenue is appropriate.

2. Impairment assessment on investments accounted for using the equity method

Please refer to Note 4 (12) in the parent company only financial statements for the accounting policy of impairment of non-financial assets; please refer to Note 5 in the parent company only financial statement for the accounting estimates and uncertainty of assumption for the impairment assessment on investments accounted for using the equity method; please refer to Note 6 (7) investments accounted for using the equity method for the description on the impairment on the investments accounted for using the equity method.

Description of key audit matters:

APCB Electronics (Thailand) Co., Ltd., a subsidiary of APCB INC. has suffered long-term operating losses. We found the impairment of the investment exists. This investment accounted for using the equity method is a significant investment of the Company and the carrying amount is high. Therefore, we regard the impairment assessment on investments accounted for using the equity method as one of the most significant audit matter in this year’s audit.

Responding audit procedure

We have executed the following responding audit procedure on the aforementioned key audit items:

- We communicated with the audit personnel of the Company, including providing audit instruction mail and obtaining the audited Group reporting information.

- The accountant discussed the matters to be noted during the audit with the members of the audit team through an online meeting.
- Reviewed the audit procedure of asset impairment assessment conducted by the audit personnel of the Company on APCB Electronics (Thailand) Co., Ltd., including obtaining the description on the sign of impairment based on the self-assessment by the management, obtaining the appraisal report from the external expert delegated by the management, assessing the objectivity and professionalism of the external expert, assessing the reasonableness of the methods and data adopted by the management when measuring the recoverable amount of assets, delegating the internal expert to assess the valuation method and significant assumption used in the appraisal report, and assessing the reasonableness of the recognition of impairment loss.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is also 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 supervisors and Audit Committee, are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 auditing standards will always detect a material misstatement when it exists in the unconsolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and

obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 ability of the Company to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, 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 APCB INC. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including relevant notes, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entity of the Company, and express an opinion on unconsolidated financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion for the parent company only financial statements.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

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

KPMG Taiwan

	Min-Ru Chao
CPA:	
	Li-Li Lu
Securities Competent Authority Approval number :	Jin-Guan-Cheng-Shen-Zi Letter No. 1050036075 Jin-Guan-Cheng-Liu-Zi Letter No. 0940100754
March 8, 2024	

APCB INC.

Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

	Asset	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current asset:				
1100	Cash and cash equivalents (Note 6 (1))	$ 1,723,400	28	1,939,404	30
1110	Financial assets at fair value through profit or loss (FVTPL) - Current (Note 6 (2))	132,090	2	43,892	1
1150	Net notes receivable (Note 6 (4) and (19))	1,351	-	2,662	-
1170	Net accounts receivable (Note 6 (4), (11), (19) and 8)	382,634	6	408,365	6
1180	Net accounts receivable - Related party (Note 6 (4), (19), and 7)	628	-	12,836	-
1200	Other receivables (Note 6 (5))	19,459	-	37,147	1
1212	Other receivables - Related party (Note 6 (5) and 7)	45,130	1	107,110	2
1220	Current tax assets	44,321	1	8,914	-
130x	Inventories (Note 6 (6))	119,138	2	124,409	2
1479	Other current asset	12,010	-	8,931	-
	Total current asset	2,480,161	40	2,693,670	42
	Non-current assets:				
1520	Financial assets through other comprehensive income at FVTPL - Non-current (Note 6 (3))	24,795	-	24,795	-
1550	Investment accounted for using the equity method (Note 6 (7))	3,194,118	52	3,148,273	50
1600	Property, Plant and Equipment (Note 6 (8), (11), (13), 7, 8, and 9)	282,286	5	322,210	5
1755	Right-of-use asset (Note 6 (9), (11), (14), 7, and 8)	71,813	2	79,717	2
1780	Intangible asset (Note 6 (10))	1,150	-	343	-
1840	Deferred tax assets (Note 6 (16))	34,765	1	44,792	1
1990	Other non-current asset	3,050	-	2,237	-
	Total non-current asset	3,611,977	60	3,622,367	58
1xxx	**Total assets**	$ 6,092,138	100	6,316,037	100

	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6 (4), (8), (9), (11), 7, 8, and 9)	$ 1,855,000	30	2,025,000	32
2110	Short-term notes payable (Note 6 (12))	149,840	2	149,894	2
2150	Notes payable	92,740	2	87,277	2
2170	Accounts payable	26,498	-	20,689	-
2180	Accounts payable - Related party (Note 7)	166,195	3	119,076	2
2200	Other payables (Note 6 (20))	88,370	2	84,334	2
2230	Current tax liabilities	-	-	27,869	-
2280	Lease liabilities - Current (Note 4 (14) and 7)	6,950	-	7,591	-
2322	Long-term borrowings mature within a year (Note 6 (8), (13), 7, 8, and 9)	-	-	4,415	-
2365	Refund liabilities - Current	9,430	-	15,487	-
2399	Other current liabilities	16,851	-	33,444	1
	Total current liabilities	2,411,874	39	2,575,076	41
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 (8), (13), 7, 8, and 9)	-	-	12,508	-
2570	Deferred tax liabilities (Note 6 (16))	35,988	1	23,068	-
2580	Lease liabilities - Non-current (Note 6 (14) and 7)	67,431	1	74,380	2
2640	Net defined benefit liabilities - Non-current (Note 6 (15))	13,717	-	14,367	-
	Total non-current liabilities	117,136	2	124,323	2
2xxx	**Total Liabilities**	2,529,010	41	2,699,399	43
31xx	**Equity (Note 6 (15), (16), and (17)):**				
3100	Share capital	1,598,993	26	1,598,993	25
3200	Capital surplus	418,929	7	418,929	7
33xx	Retained earnings:				
3310	Legal reserve	618,503	10	614,511	10
3320	Special reserve	43,967	1	215,722	3
3350	Unappropriated retained earnings	952,771	16	812,450	13
	Subtotal of retained earnings	1,615,241	27	1,642,683	26
34xx	Other equities:				
3410	Exchange Differences on Translation of Foreign Financial Statements	(77,479)	(1)	(51,411)	(1)
3420	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	7,444	-	7,444	-
	Total other equities:	(70,035)	(1)	(43,967)	(1)
3xxx	**Total equity**	3,563,128	59	3,616,638	57
2-3xxx	**Total liabilities and equities**	$ 6,092,138	100	6,316,037	100

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB INC.

Statements of Comprehensive Income

From January 1 to December 31 of 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 (19) 7):**				
4111	Sales revenue	$ 1,309,626	102	1,470,424	102
4170	Less: Sales return	541	-	5,293	-
4190	Sales discount	28,400	2	30,222	2
4100	**Net operating revenue**	1,280,685	100	1,434,909	100
5000	**Operating costs (Note 6 (6), (8), (9), (10), (14), (15), 7 and 12)**	1,315,969	103	1,542,737	108
5950	**Gross loss**	(35,284)	(3)	(107,828)	(8)
6000	**Operating expenses (Note 6 (4), (8), (9), (10), (14), (15), (20), 7 and 12):**				
6100	Selling expenses	18,860	2	23,424	2
6200	Administrative expenses	94,135	7	82,954	6
6450	Losses on Expected Credit Impairment (gains from reversal)	(328)	-	(3,560)	-
	Total operating expenses	112,667	9	102,818	8
6900	**Net operating loss**	(147,951)	(12)	(210,646)	(16)
7000	**Non-operating income and expense (Note 6 (2), (3), (8), (14), (21), 7):**				
7100	Interest income	47,153	3	7,705	1
7010	Other income	102,145	8	100,059	7
7020	Other gains or losses	46,394	4	208,063	15
7050	Financial costs	(43,788)	(3)	(31,169)	(2)
7370	Share of other profits/losses of subsidiaries, associated companies, and joint venture accounted for using equity method	80,954	6	(29,584)	(2)
	Total non-operating incomes and expenses	232,858	18	255,074	19
7900	**Net income before tax**	84,907	6	44,428	3
7950	**Less: Tax expenses (Note 6 (16))**	30,600	2	9,554	1
8200	**Current period net profit**	54,307	4	34,874	2
8300	**Other comprehensive income (Note 6 (15), (16), and (17)):**				
8310	**Items not reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit programs	285	-	6,095	-
8331	Remeasurement of defined benefit programs subsidiaries, associates, and joint venture	(2,534)	-	208	-
8349	Less: Income taxes related to the items not re-classified	(450)	-	1,261	-
	Total amount of items not reclassified subsequently to profit or loss	(1,799)	-	5,042	-
8360	**Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss:**				
8361	Exchange Differences on Translation of Foreign Financial Statements	(32,536)	(3)	185,635	13
8380	Share of other comprehensive income of subsidiaries, associated companies, and joint venture accounted for using equity method	(39)	-	23,247	2
8399	Less: Income taxes related to the items that may be reclassified	(6,507)	(1)	37,127	3
	Total Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss	(26,068)	(2)	171,755	12
8300	**Comprehensive income in the current period**	(27,867)	(2)	176,797	12
8500	**Total comprehensive income in the current period**	**$ 26,440**	**2**	**211,671**	**14**
	Earnings per share of the Company (Unit: NTD) (Note 6 (18))				
9750	Basic earnings per share	**$ 0.34**		**0.22**	
9850	Diluted earnings per share	**$ 0.34**		**0.22**	

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB INC.

Statements of Changes in Equity

From January 1 to December 31 of 2023 and 2022

Unit: NTD thousand

			Retain earnings				Other equities components			
	Common share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	Total	Total equity
Balance as of January 1, 2022	$ 1,598,993	418,929	590,470	168,847	1,011,344	1,770,661	(223,166)	7,444	(215,722)	3,572,861
Earnings appropriation and distribution:										
Set aside legal reserve	-	-	24,041	-	(24,041)	-	-	-	-	-
Set aside special reserve	-	-	-	46,875	(46,875)	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(167,894)	(167,894)	-	-	-	(167,894)
Current period net profit	-	-	-	-	34,874	34,874	-	-	-	34,874
Comprehensive income in the current period	-	-	-	-	5,042	5,042	171,755	-	171,755	176,797
Total comprehensive income in the current period	-	-	-	-	39,916	39,916	171,755	-	171,755	211,671
Balance as of December 31, 2022	1,598,993	418,929	614,511	215,722	812,450	1,642,683	(51,411)	7,444	(43,967)	3,616,638
Earnings appropriation and distribution:										
Set aside legal reserve	-	-	3,992	-	(3,992)	-	-	-	-	-
Set aside special reserve	-	-	-	(171,755)	171,755	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(79,950)	(79,950)	-	-	-	(79,950)
Current period net profit	-	-	-	-	54,307	54,307	-	-	-	54,307
Comprehensive income in the current period	-	-	-	-	(1,799)	(1,799)	(26,068)	-	(26,068)	(27,867)
Total comprehensive income in the current period	-	-	-	-	52,508	52,508	(26,068)	-	(26,068)	26,440
Balance as of December 31, 2023	**$ 1,598,993**	**418,929**	**618,503**	**43,967**	**952,771**	**1,615,241**	**(77,479)**	**7,444**	**(70,035)**	**3,563,128**

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB INC.

Cash flow statement

From January 1 to December 31 of 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flows from operating activities:		
Current net profit before income tax	$ 84,907	44,428
Adjustment item:		
Income/expenses items		
Depreciation expense	50,962	58,515
Amortization expenses	393	1,093
Losses on Expected Credit Impairment (gains from reversal)	(328)	(3,560)
Gain on financial assets at FVTPL	(24,457)	(47,044)
Interest expenses	43,788	31,169
Interest income	(47,153)	(7,705)
Dividend income	(7,257)	(14,203)
Share of other profits/losses of subsidiaries, associated companies, and joint venture accounted for using equity method	(80,954)	29,584
Gains on disposal of property, plant and equipment	(759)	(467)
Gains from modification of lease	(8)	-
Total income/expenses items	(65,773)	47,382
Asset/liability variation related to operating activities		
Net asset variation related to operating activities		
Financial assets designated as at FVTPL	(52,093)	142,066
Notes receivable	1,311	1,509
Accounts receivable	26,059	521,405
Accounts receivable - Related party	12,208	(7,903)
Other receivables	20,310	(12,004)
Other receivables - Related party	61,980	9,260
Inventory	5,271	203,844
Other current asset	(3,079)	428
Total net asset variation related to operating activities	71,967	858,605
Net liabilities variation related to operating activities		
Financial liabilities at FVTPL	(11,648)	(32,794)
Notes payable	5,463	(88,787)
Accounts payable	5,809	(21,369)
Accounts payable - Related party	47,119	(17,728)
Other payables	6,458	(44,202)
Refunds liabilities	(6,057)	(7,760)
Other current liabilities	(16,593)	(5,125)
Net defined benefit liability	(365)	(6,062)
Total net liabilities variation related to operating activities	30,186	(223,827)
Total net assets and liabilities variation related to operating activities	102,153	634,778
Total adjustment item	36,380	682,160
Cash inflow provided by operating activities	121,287	726,588
Interest received	44,531	7,638
Interest paid	(43,654)	(30,305)
Tax paid	(63,972)	(20,719)
Net cash inflow from operating activities	58,192	683,202
Cash flows from investment activities:		
Acquisition of property, plant and equipment	(12,798)	(33,534)
Disposal of property, plant and equipment	7,672	467
Acquisition of Intangible Assets	(1,200)	-
Increase in other non-current assets	(813)	(675)
Dividends received	7,257	413,092
Net cash inflow from investment activities:	118	379,350
Cash flows from financing activities:		
Increase in short-term borrowings	12,760,000	10,863,101
Decrease in short-term borrowings	(12,930,000)	(10,706,101)
Increase in short-term notes payable	1,320,753	1,160,270
Decrease in short-term notes payable	(1,320,807)	(1,110,348)
Repayments of long-term borrowings	(16,923)	(104,415)
Repaid principal of lease	(7,387)	(7,481)
Distribution of cash dividends	(79,950)	(167,894)
Net cash outflow from financing activities	(274,314)	(72,868)
Increase (decrease) in current cash and equivalents	(216,004)	989,684
Cash and cash equivalents at the beginning of the year	1,939,404	949,720
Cash and cash equivalents at the end of the year	$ 1,723,400	1,939,404

(Please refer to the notes of the parent company only financial reports for details)

Chairperson: Tsao, Yueh-Hsia **Managerial Officer: Lai, Jin-Tsai** **Accounting Officer: Tsai, Cheng-Hong**

APCB INC.

Notes to Parent Company Only Financial Statements

2023 and 2022

(Unless otherwise provided, all amounts are expressed in thousand NTD)

1. Company History

APCB INC. (hereinafter referred to as “the Company”) was incorporated on December 8, 1981 with the approval by the Ministry of Economics. The main businesses of the Company are the manufacturing, processing, and sales of printed circuit board (PCB), multi-layer PCB, and flexible PCB.

2. Approval Date and Procedures of the Financial Statements

The disclosure of these parent company only financial statements were approved and published by the Board of Directors on March 8, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) The influence of adoption of new and amended International Financial Reporting Standards (IFRS) endorsed and published by the Financial Supervisory Commission, R.O.C (hereinafter referred to as “FSC”) and interpretations

The Company has adopted the following amended IFRSs since January 1, 2023, which do not have significant impact on the parent company only financial reports.

- The amendments to IAS 1 “the disclosure of accounting policies”
- The amendments to IAS 8 “The definition of accounting estimates”
- The amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

The Company has adopted the following amended IFRSs since May 23, 2023, which do not have significant impact on the parent company only financial reports.

- The amendments to IAS No. 12 "International Taxation Reform - Pillar 2 Rule Template"

(2) The influence of not adopting the new or amended IFRS endorsed by the FSC

The Company has adopted the following amended IFRSs since January 1, 2024, which will not have significant impact on the parent company only financial reports.

- The amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- The amendments to IAS 1 “Classification of Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- The amendments to IFRS 16 “Lease Liabilities for Leasebacks”

(3) New and amended standards and interpretation not yet endorsed by FSC

The Company expects that the following new and amended standards not yet endorsed will not have significant impact on the parent company only financial reports.

- The amendments to IFRS 10 and IAS 28 “The Sale or Contribution of Assets between An Investor and Its Joint Venture or Associate”
- IFRS 17 “Insurance Contracts” and its amendments
- The amendments to IFRS 17 “Insurance Contracts titled Initial Application of IFRS 17 and IFRS 9 — Comparative Information”
- The amendment to IAS 21 "Lack of Convertibility"

4. Summary of Significant Accounting Policies

The main accounting policies adopted for preparation of this parent company only financial report are described below. These policies are applicable in all reporting periods of the parent company only financial reports.

(1) Compliance Statement

These parent company only financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

1. Basis of measurement

Unless otherwise noted (please refer to the description of all accounting policies), the parent company only financial statements have been prepared on the historical cost basis.

2. Functional currency and presentation currency

The currency of the main economic environment where the operation of the Company locates is the functional currency of the Company. The parent company only financial statements were expressed in New Taiwan dollars, which is the Company's functional currency. The unit of the financial information expressed in NTD is in thousand NTD.

(3) Foreign currency

1. Foreign currency trading

Foreign currencies are converted into functional currency based on the spot exchange rate of the transaction date. The monetary items denominated in foreign currencies are converted into the functional currency based on the exchange rate of each subsequent end date of reporting period (hereinafter referred to as the reporting date). Non-monetary items denominated in foreign currencies that are measured at fair value are converted into the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items measured at historical cost that are denominated in a foreign currency are converted at the exchange rate of the transaction date.

The exchange difference from foreign currency conversion is usually recognized as profit or loss. However, the exchange difference from the conversion of equity instrument through other comprehensive income at FVTPL is recognized in other comprehensive income

2. Overseas operating institutions

The assets and liabilities of overseas operating institutions, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rate at the reporting date. Apart from the high inflation economics, the income and expenses for overseas operating institutions are translated into the presentation currency at the average exchange rate. The exchange difference is recognized in other comprehensive income.

When a overseas operating institution is disposed of that the Company losses control, significant influence, joint control, the cumulative amount in the translation difference related to the overseas operating institutions is reclassified to profit or loss. When the Company partially disposes the subsidiaries of the overseas operating institutions, the relevant proportion of the cumulative amount is attributed to non-controlling equity. When the Company partially disposes its investments in the associates or joint ventures of the overseas operating institutions, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to an overseas operating institution is neither planned nor likely to occur in the foreseeable future, exchange difference arising from such monetary item that are considered to for part of the net investment in the overseas operating institution are recognized in other comprehensive income.

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

Assets meeting one of the following conditions are classified as current assets, and other assets are classified as non-current assets:

1. Expect to realize, or intends to sell or consume the asset, in its normal operating cycle.
2. Hold primarily for the purpose of trading.
3. Assets that are expected to be realized within twelve months from the balance sheet date; and
4. Cash and cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities meeting one of the following conditions are classified as current liabilities, and other liabilities are classified as non-current liabilities:

1. Expects to settle in its normal operating cycle.
2. Hold primarily for the purpose of trading.
3. Liabilities that are expected to be repaid within twelve months from the balance sheet date; or

4. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification.

(5) Cash and cash equivalents

Cash includes cash on hand, demand deposits, and check deposits. Cash equivalents refer to investments with short maturities and high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments instead of for investment or other purposes are recognized as cash equivalents.

Bank overdrafts that can be repaid immediately and belong to part of the overall cash management of the Company are listed as a component of the cash and cash equivalents in the Statements of Cash Flows.

(6) Financial instruments

Trade receivables and debt securities are initially recognized when originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized costs; fair value through other comprehensive income or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for management financial assets.

(1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition plus or less the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. When derecognizing such assets, any gain or loss is recognized in profit or loss.

(2) Financial assets at FVTPL through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably choose to present subsequent changes in the investment’s fair value in other comprehensive income. The choice is made on an instrument-by-instrument basis.

Equity investments are subsequently measured at fair value. Dividend income (unless the dividend clearly presents the recovery of part of the cost of the investment) is recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income and are not reclassified as profit or loss.

Dividend income from equity investment is recognized in profit or loss on the date (usually the ex-dividend date) on which the Company’s right to receive payment is established.

(3) Financial assets measured at FVTPL

All financial assets not classified as amortized cost or fair value of other comprehensive income described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measures at amortized costs or at fair value of other comprehensive income, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measures at fair value, and their net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Impairment of financial asset

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized costs (including cash and cash equivalents, notes and accounts receivable, and other receivables).

The Group recognizes the loss allowance for 12 months expected credit losses of cash in banks and other receivables if there has not been a significant increase in credit risk (the risk of default during the expected lifetime of financial instrument) since initial recognition.

The Company always recognizes lifetime expected credit losses for accounts receivables.

Expected credit losses during the lifetime reflect the expected credit losses with the respective risks of a default occurring during the expected lifetime.

12-month expected credit losses represents the portion of lifetime expected credit losses that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or within 12 months if the expected lifetime of a financial is less than 12 months).

The maximum period for the measurement of expected credit losses if the maximum contractual term that the Company is exposed in the credit risk.

When judging whether or not the credit risk is significantly increasing after the initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed; both qualitative and quantitative information and also basing on the Company's historical experiences and informed credit assessment, as well as forward-looking information.

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

The Company considers a financial asset to be in default when the financial asset is more than 181 days past due or the borrower is unlikely to fulfill its credit duty and repay the whole amount to the Company.

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

The Company assesses whether or not the financial assets at amortized costs are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have a unfavorable impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

· Major financial difficulties of the debtor or issuer;
· a breach of contract, such as a default or being more than 181 days past due;
· the Company provides the debtor concessions that would not have been considered due to the economic or contractual reasons related to the financial difficulties of the debtor;
· the debtor is highly likely to file for bankruptcy or conduct financial restructure; or
· the active market of financial assets being disappearing due to financial

difficulties.

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

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant reversal from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

(5) Derecognition of financial assets

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

The transaction for transferring the financial asset the Company entered is still recognized in the balance sheet if it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

2. Financial liabilities and equity instrument

(1) Classification of debt or equity

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

(2) Equity transaction

An equity instrument is any contract that evidences residual equity in the assets of the Company after deducing all of its liabilities. Equity instrument issued by the Company are recognized as the amount of consideration received, less the direct cost of issuance.

(3) Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method. The interest expenses and exchange profit or loss are recognized in profit or loss. Any gains or loss during the derecognition are also recognized in profit or loss.

(4) Derecognition of financial liabilities

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

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

(5) Offsetting of financial liabilities

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

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposure. The embedded derivative instruments shall be handled separately with the main contract when they meet certain conditions and the main contract contract is not a financial asset.

Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the monthly weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(8) Investment in subsidiaries

The Company adopts equity method to handle the investment on subsidiaries that the Company has control over when preparing the parent company only financial reports. Under the equity method, the current profit and loss and other comprehensive income in the parent company only financial reports shall equal to the current profit or loss and the amount of other comprehensive income attributed to the owner of the parent company in the consolidated financial reports, and the owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent company in the consolidated financial statements.

(9) Property, plant and equipment

1. Recognition and measurement

   Items of property, plant and equipment are measured at cost (including the borrowings costs of capitalization) less accumulated depreciation and accumulated impairment losses.

   Where the useful lives of significant part of property, plant and equipment are different, they shall be handled as a separate item (major components) of property, plant and equipment.

   The gain or loss arising from the disposal of property, plant and equipment shall be recognized in profit or loss.

2. Subsequent cost

   The subsequent expenditures are only capitalized if the future economic benefits are likely will flow to the Company.

3. Depreciation

   The depreciable amount of an asset is determined after using the cost of an asset to deduct its residual amount and it shall be recognized in profit or loss using straight-line method within the estimated useful life.

   Land is not depreciated.

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

(1) Building	8-25 years
(2) Machinery equipment	2-17 years
(3) Transportation equipment	3-5 years
(4) Office equipment	3-8 years
(5) Other equipment	2-20 years

   The Company reviews the depreciation methods, useful lives, and residual values on each reporting date and makes proper adjustments if necessary.

(10) Leasing - Lessee

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

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

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

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

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

1. fixed payments, including in-substance fixed payments;
2. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3. amounts expected to be payable under a residual value guarantee; and
4. payments or penalties for purchase or termination options that are reasonably certain to be exercised.

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

1. there is a change in future lease payments arising from the change in an index or rate;
2. there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
3. there is a change in the Group's evaluation of purchase options;
4. there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
5. there is any lease modification to the assets, scope and other terms of the lease.

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

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

The Company has chosen not to recognize lease liabilities for short-term leases of machinery equipment and office equipment and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(11) Intangible assets

1. Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

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

3. Amortization

The Company's intangible asset is computer software. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis 2 years within the estimated useful lives of intangible assets from the date that they are available for use.

The Company reviews the amortization method for intangible assets, useful lives, and residual values on each reporting date and makes proper adjustments if necessary.

(12) Impairment of non-financial asset

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Recognition of revenue

Revenue is measured basing on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The transfer of control of the products refers to that when the products are delivered to the customer, the customers have complete power in determination of the sales channel and price of product, and there is no unfulfilled obligations that affect the acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

(14) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses as the related service is provided.

2. Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

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

(15) Income tax

The income tax comprises current and deferred tax. Except for expenses related to items recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The consolidated Company determines that the interest or penalty related to income tax (including the uncertain tax treatment) does not meet the definition of income tax, and therefore the accounting treatment of IAS 37 is applied.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities on the reporting day and their respective tax bases. Deferred taxes are recognized except for the following:

1. Assets or liabilities originally recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss), and (ii) does not generate equivalent taxable and deductible temporary difference;
2. temporary differences related to investments in subsidiaries, associates and joint equity to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

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

(16) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares include employees' remuneration.

(17) Segment Information

The Company has disclosed the segment information, so it will not repeatedly disclose the same information in the parent company only financial reports.

5. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

In preparing these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may be different from the estimates.

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

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is the impairment assessment for investments accounted for using the equity method of the Company. As there are signs of impairment for investments accounted for using the equity method, the Company performs impairment testing at each reporting date. The estimate of the recoverable amount is based on the assumption of the subjective judgment of the management. Any change in the economics or the change in the estimate of the Company's strategy may have significant impact on the investment accounted for using the equity method in the future. Please refer to Note 6 (7) for the impairment assessment for investments accounted for using the equity method.

6. Summary of Significant Accounting Items

(1) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash	$ 150	150
Demand (current) deposit	1,016,369	1,876,655
Check deposit	666	1,179
Time deposit	583,395	30,710
Cash equivalent -with repurchase agreement	122,820	30,710
	$ 1,723,400	**1,939,404**

Please refer to Note 6 (22) for the disclosure of the interest rate risk of financial assets and liabilities and sensitivity analysis of the Company.

(2) Financial assets and liabilities at FVTPL

1. The statement is as follows:

	2023.12.31	2022.12.31
Financial assets designated as at FVTPL:		
Foreign currency swap contract	$ -	2,751
Listed stocks	131,089	40,203
Domestic open-end fund	1,001	938
Total	**$ 132,090**	**43,892**

Financial liabilities at FVTPL:

Please refer to Note 6 (21) for the amount of remeasurement recognized in profit or loss at fair value.

As of December 31, 2023 and 2022, the Company did not use the financial assets at FVTPL for pledge or guarantees.

2. Derivative financial instruments:

The Company used derivative financial instruments to hedge the certain foreign exchange risk the Company was exposed to, arising from its operating, financing and investing activities. As of December 31, 2022, derivative financial instruments of financial assets/liabilities at FVTPL not qualified for hedge accounting were as follows:

	2022.12.31		
	Contractual amount (NTD Thousand)	**Currency**	**Maturity**
Financial assets:			
Foreign currency swap contract	$ 22,000	USD	2023.1.6 - 2023.2.3

As of December 31, 2023, the Company did not have any foreign exchange swap contracts that had not expired.

(3) Financial assets through other comprehensive income at FVTPL - Non-current

	2023.12.31	2022.12.31
Equity instruments at FVTPL through other comprehensive income :		
Unlisted stocks	$ 24,795	24,795

1. Equity instruments investment at FVTPL through other comprehensive income:

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represented those investments that the Company intended to hold for long-term for strategic purposes.

Due to the equity instrument investments at fair value through other comprehensive income, the Company recognized NT$1,735 thousand and NT$2,950 thousand of dividends revenue, respectively, in 2023 and 2022.

2. Please refer to Note 6 (22) for the market risk.

(4) Notes and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	$ 1,351	2,662
Accounts receivable	382,714	408,773
Accounts receivable - Related party	628	12,836
Less: Loss allowance	(80)	(408)
	$ 384,613	423,863

The Company entered into factoring agreements with banks to acquire their accounts receivable. The banks both prepaid 90% of the transferred accounts receivable in 2023 and 2022. As the Company retains all risks associated with the accounts receivable, the acquired prepayment was recognized in bank loans. As of December 31, 2023 and 2022, the relevant accounts receivable acquisition statement is as follows:

	2023.12.31			
	Credit line	**Acquisition amount of accounts receivable**	**Advance balance**	**Interest range % of the advance amount**
Bank SinoPac	$ 153,525	92,677	-	-

	2022.12.31			
	Credit line	**Acquisition amount of accounts receivable**	**Advance balance**	**Interest range % of the advance amount**
Bank SinoPac	$ 153,550	113,980	-	-

Please refer to Note 8 for the status of accounts receivable provided as guarantee as of December 31, 2023 and 2022.

The Company applied the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, note and trade receivables had been grouped basing on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The Company has not suffered credit loss of notes receivable in the past. In addition, the recognized notes receivables do not past due as of the reporting period, and there is no sign indicating that the credit quality of notes receivable has changed compared to the initial credit extension date. As such, the Company assesses that there is no expected credit loss to be recognized for notes receivable.

The analysis on the expected credit loss of accounts receivable of the Company is as follows:

	2023.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 379,085	-	-
1 - 30 days past due	3,440	-	-
91 - 120 days past due	189	42.33	80
	$ 382,714		80

The carrying amount of the accounts above does not including all accounts receivable of the Company from the subsidiaries. The amount is NT$628 thousand, and the accounts receivable above is current.

	2022.12.31		
	Carrying amount of accounts receivable	**Expected credit loss rate during the lifetime (%)**	**Expected credit loss during the allowance lifetime**
Current	$ 400,854	-	-
1 - 30 days past due	6,527	0.62	40
31 - 60 days past due	667	1.71	12
61 - 90 days past due	86	27.78	24
91 - 120 days past due	398	34.78	138
151 - 180 days past due	241	80.47	194
	$ 408,773		**408**

The carrying amount of the accounts above does not including all accounts receivable of the Company from the subsidiaries. The amount is NT$12,836 thousand, and the accounts receivable above is current.

The table of change of loss allowance of accounts receivable is as follows:

	2023	2022
Balance on January 1	$ 408	4,334
Impairment loss recognized (reversed)	(328)	(3,560)
Amount written off	-	(366)
Balance on December 31	**$ 80**	**408**

(5) Other receivables

	2023.12.31	2022.12.31
Other receivables	$ 19,459	37,147
Other receivables - Related party	45,130	107,110
Less: Loss allowance	-	-
	$ 64,589	**144,257**

As of December 31, 2023 and 2022, other receivables (including related party) are not past due. Please refer to Note 6 (22) for other credit risk information.

(6) Inventory

		2023.12.31	2022.12.31
Commodities	$	5,621	7,866
Raw materials		9,426	12,568
Materials		21,599	21,202
Work in progress		33,909	34,768
Product		48,583	48,005
	$	119,138	124,409

Apart from normal sales of goods that transferred inventories in operating costs, the total amount of loss (income) that is directly recognized as operating costs is as follows:

		2023	2022
Loss on valuation of inventories and scrapped (gain from price recovery)	$	(37,016)	48,580
Loss on inventory physical count		4	5
Unallocated manufacturing overhead		70,347	90,870
Income from sale of scraps		(26,182)	(43,348)
	$	7,153	96,107

As of December 31, 2023 and 2022, the Company did not use the inventories for pledge or guarantees.

(7) Investments accounted for using the equity method

The investments accounted for using the equity method as of the reporting date are as follows:

		2023.12.31	2022.12.31
Subsidiary	$	3,194,118	3,148,273

Please refer to the 2023 consolidated financial reports.

The subsidiaries do not have additional impairment loss in 2023 and 2022.

As of December 31, 2023 and 2022, the Company did not use the investments accounted for using the equity method for pledge or guarantees.

(8) Property, plant and equipment

The statement of cost, depreciation, and impairment loss of property, plant and equipment of the Company in 2023 and 2022 is as follows:

		Land	Building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Incomplete construction and equipment to be accepted	Total
Costs or deemed cost:									
Balance as of January 1, 2023	$	140,751	102,370	980,412	18,381	8,074	62,702	4,242	1,316,932
Addition		-	-	105	-	857	2,097	7,183	10,242
Disposal		-	-	(98,363)	-	-	(410)	-	(98,773)
Reclassification		-	-	11,260	-	-	-	(11,260)	-
Balance as of December 31, 2023	$	140,751	102,370	893,414	18,381	8,931	64,389	165	1,228,401

	Land	Building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Incomplete construction and equipment to be accepted	Total
Balance as of January 1, 2022	$ 140,751	102,370	1,013,560	18,854	8,074	58,212	25,476	1,367,297
Addition	-	-	3,609	-	-	2,110	16,406	22,125
Disposal	-	-	(72,017)	(473)	-	-	-	(72,490)
Reclassification	-	-	35,260	-	-	2,380	(37,640)	-
Balance as of December 31, 2022	**$ 140,751**	**102,370**	**980,412**	**18,381**	**8,074**	**62,702**	**4,242**	**1,316,932**
Depreciation and impairment loss:								
Balance as of January 1, 2023	$ -	97,058	822,026	14,980	7,988	52,670	-	994,722
Depreciation of the current year	-	2,198	36,745	1,172	146	2,992	-	43,253
Disposal	-	-	(91,450)	-	-	(410)	-	(91,860)
Balance as of December 31, 2023	**$ -**	**99,256**	**767,321**	**16,152**	**8,134**	**55,252**	**-**	**946,115**
Balance as of January 1, 2022	$ -	94,853	849,812	14,161	7,838	49,938	-	1,016,602
Depreciation of the current year	-	2,205	44,231	1,292	150	2,732	-	50,610
Disposal	-	-	(72,017)	(473)	-	-	-	(72,490)
Balance as of December 31, 2022	**$ -**	**97,058**	**822,026**	**14,980**	**7,988**	**52,670**	**-**	**994,722**
Book value:								
Balance as of December 31, 2023	**$ 140,751**	**3,114**	**126,093**	**2,229**	**797**	**9,137**	**165**	**282,286**
Balance as of December 31, 2022	**$ 140,751**	**5,312**	**158,386**	**3,401**	**86**	**10,032**	**4,242**	**322,210**

Please refer to Note 6 (21) for the gains or loss from disposal.

Please refer to Note 8 for the Company using property, plant and equipment as guarantee.

(9) Right-of-use assets

The statement of changes of costs and depreciation of leased land, building and machinery equipment is as follows:

	Land	Building	Machinery equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2023	$ 37,079	73,293	-	110,372
New disposal in current period	-	125	-	125
Disposal	-	(2,697)	-	(2,697)
Balance as of December 31, 2023	**$ 37,079**	**70,721**	**-**	**107,800**
Balance as of January 1, 2022	$ 37,079	73,293	584	110,956
Disposal (contract modification)	-	-	(584)	(584)
Balance as of December 31, 2022	**$ 37,079**	**73,293**	**-**	**110,372**
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	$ 9,888	20,767	-	30,655
Current depreciation	2,472	5,237	-	7,709

		Land	Building	Machinery equipment	Total
Disposal		-	(2,377)	-	(2,377)
Balance as of December 31, 2023	$	**12,360**	**23,627**	**-**	**35,987**
Balance as of January 1, 2022	$	7,416	15,334	501	23,251
Current depreciation		2,472	5,433	-	7,905
Reclassification		-	-	(501)	(501)
Balance as of December 31, 2022	$	**9,888**	**20,767**	**-**	**30,655**
Book value:					
Balance as of December 31, 2023	$	**24,719**	**47,094**	**-**	**71,813**
Balance as of December 31, 2022	$	**27,191**	**52,526**	**-**	**79,717**

Please refer to Note 8 for the Company using right-of-use assets as guarantee.

(10) Intangible assets

The statement of costs and amortization of intangible assets of the Company is as follows:

		Computer software
Cost:		
Balance as of January 1, 2023	$	2,497
Current addition		1,200
Balance as of December 31, 2023	$	**3,697**
Balance as of January 1, 2022	$	3,517
Disposal		(1,020)
Balance as of December 31, 2022	$	**2,497**
Amortization:		
Balance as of January 1, 2023	$	2,154
Current amortization		393
Balance as of December 31, 2023	$	**2,547**
Balance as of January 1, 2022	$	2,081
Current amortization		1,093
Disposal		(1,020)
Balance as of December 31, 2022	$	**2,154**
Book value:		
Balance as of December 31, 2023	$	**1,150**
Balance as of December 31, 2022	$	**343**

(11) Short-term borrowing

		2023.12.31	2022.12.31
Unsecured bank loans	$	1,405,000	1,575,000
Secured bank loans		450,000	450,000
Total	**$**	**1,855,000**	**2,025,000**
Unused credit line	**$**	**1,250,640**	**1,035,000**
Interest rate range (%)		**1.74~2.10**	**1.60~2.35**

Please refer to Note 8 for the Company using pledging the assets as guarantee for bank loans.

Please refer to Note 6 (4) for the description on the shared credit line of Bank SinoPac with subsidiaries.

(12) Short-term notes payable

The statement of short-term notes payable is as follows:

	2023.12.31			
	Guarantee or acceptance bank	**Interest rate %**		**Amount**
Commercial paper payable	China Bills Finance Corporation	1.35	$	50,000
	Taiwan Finance Corporation	1.71		50,000
	Mega Bills Finance Corporation	1.72		50,000
				150,000
Less: Discount on short-term notes payable				(160)
Total			**$**	**149,840**

	2022.12.31			
	Guarantee or acceptance bank	**Interest rate %**		**Amount**
Commercial paper payable	International Bills Finance Corporation	1.50	$	50,000
	China Bills Finance Corporation	1.30		50,000
	Taiwan Finance Corporation	1.30		50,000
				150,000
Less: Discount on short-term notes payable				(106)
Total			**$**	**149,894**

The unused commercial bill issuance amount as of December 31, 2023 and 2022 was both NT$50,000 thousand.

(13) Long-term borrowing

The Company's long-term loan contract due in 2026 was paid off ahead of schedule in 2023 due to financial planning considerations.

The statement, terms, and clauses of the long-term borrowing of the Company is as follows:

	2022.12.31	
	Loan period	**Amount**
Secured loans from Bank of Taiwan	2011.10 - 2026.10	$ 16,923
Less: Current portion		4,415
Total		**$ 12,508**
Unused credit line		**$ -**
Interest rate (%)		**1.88**

Please refer to Note 8 for the Company using pledging the assets as guarantee for bank loans.

(14) Lease liabilities

The carrying amount of the Company's leas liabilities is as follows:

	2023.12.31	**2022.12.31**
Current	$ 6,950	7,591
Non-current	67,431	74,380
Total	**$ 74,381**	**81,971**

Pease refer to Note 6 (22) Financial instruments for maturity analysis.

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

	2023	**2022**
Interests on lease liabilities	**$ 1,162**	**1,274**
Expenses related to short-term leases	**$ 162**	**13**
Expenses related to lease of low-value assets (not including short-term low-value lease)	**$ 682**	**381**

The amount recognized in the statement of cash flow is as follows:

	2023	**2022**
Total cash flows from operating activities	$ 2,006	1,669
Total cash flows from investment activities	7,387	7,481
Total cash flows from lease	**$ 9,393**	**9,150**

1. Leases of land and buildings

As of December 31, 2023 and 2022, the Company leased lands and buildings as plants, offices, and employee dormitories. The lease period for plants and offices is usually 15 years, and 5 years for employee dormitories. Some of the leases include the option to extend the same lease period of the original contract when the lease period expires.

2. Other leases

The lease period of office equipment is 1 year. These leases were short-term or leases of low-value items. The Company chose not to recognize right-of-use asset and lease liabilities for these leases.

(15) Employee benefits

1. Defined benefit plan

The adjustment on the present value of defined benefit obligations and the fair value of plan assets of the Company is as follow:

		2023.12.31	2022.12.31
Present value of the defined benefit obligations	$	(30,779)	(37,616)
Fair value of plan assets		17,062	23,249
Net defined benefit liability	$	(13,717)	(14,367)

The Company made defined benefit plan contributions to the pension fund account of Bank of Taiwan. Plans that are covered by the Labor Standards Law entitled a retired employee to receive retirement benefits based on years or service and average monthly salary for the 6 months prior to retirement.

(1) Composition of plan assets

The Company allocated pension funds in accordance with the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” and such funds were managed by the Bureau of Labor Funds (BLF), Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023, the balance of labor pension reserve account was NT$16,853 thousand. The utilization of the labor pension fund assets of the domestic entities of the Company included the asset allocation and yield of the fund. Please refer to the website of the BLF.

(2) The changes in the present value of the defined benefit obligations

The changes in the present value of the defined benefit obligations of the Company in 2023 and 2022 are as follows:

		2023	2022
Balance at January 1	$	(37,616)	(65,837)
Current service cost and interest		(622)	(795)
Remeasurements of net defined benefit liability			
- Actuarial (losses) gains arising from changes in financial assumptions		(375)	3,268
- Actuarial (losses) gains arising from experience adjustments		371	(209)
Benefit paid by the plan		117	10,078
Effect of plan repayment		7,346	15,879
Defined benefit obligation as of December 31	$	(30,779)	(37,616)

(3) The changes in the fair value of plan assets

The changes in the fair value of the defined benefit plan assets of the Company in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets on January 1	$	23,249	39,313
Interest income		314	261
Remeasurements of net defined benefit liability —Return on plan assets (not including current interests)		290	3,036
Amount allocated to plan		2,812	3,366
Benefit paid by the plan		(117)	(10,078)
Repayment by the plan		(9,486)	(12,649)
Fair value of the plan assets on December 31	$	17,062	23,249

(4) Expenses recognized as profit or loss

The statement of recognition of expenses (income) of the Company in 2023 and 2022 is as follows:

		2023	2022
Current service cost	$	138	360
Net interest of net defined benefit liability		170	174
Repayment profit or loss		2,140	(3,230)
	$	2,448	(2,696)
Operating cost	$	231	426
Selling expenses		10	15
Administrative expenses		2,207	(3,137)
	$	2,448	(2,696)

(5) Remeasurements of net defined benefit assets (liabilities) recognized in other comprehensive income

The cumulative remeasurements of net defined benefit assets (liabilities) recognized in other comprehensive income are as follows:

	2023	2022
Cumulative balance at January 1	$ 31,497	25,402
Current recognized income	285	6,095
Cumulative balance at December 31	$ 31,782	31,497

(6) Actuarial assumption

The significant actuarial assumption for the determination of defined benefit obligations on the reporting date is as follows:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after December 31, 2023 was NT$2,650 thousand.

As of December 31, 2023, the weighted lifetime of the defined benefits plans was 9 years.

(7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation of the Company as of December 31, 2023 and 2022 shall be as follows:

	Effects to the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate (original assumption 1.30%)	(745)	774
Future salary increase rate (original assumption 2.00%)	766	(741)
December 31, 2022		
Discount rate (original assumption 1.30%)	(974)	1,013
Future salary increase rate (original assumption 2.00%)	1,003	(970)

There was no change in other assumptions when performing the aforementioned sensitivity analysis. In practice, assumptions might be interactive with each other. The method used on sensitivity analysis was consistent with the calculation on the net pension liabilities.

The method and assumptions used on current sensitivity analysis was the same as those of the prior year.

2. Defined contribution plans

The Company sets aside 6% of the contribution rate of the employee’ s monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company sets aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The Company sets aside NT$9,498 thousand and NT$11,755 thousand of the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022, respectively.

(16) Income tax

1. Income tax expense

The statement of income tax expense (income) of the Company in 2023 and 2022 is as follows:

	2023	2022
Current income tax expense (income)		
Current period	$ 7,050	109,857
Over estimate of the prior period	(6,354)	(4,481)
	696	105,376
Deferred tax income		
Origination and reversal of temporary difference	13,909	(95,822)
Under (over) estimate of the prior period	15,995	-
Subtotal	29,904	(95,822)
Income tax expense	**$ 30,600**	**9,554**

The statement of income tax expense (income) of the Company recognized in other comprehensive income in 2023 and 2022 is as follows:

	2023	2022
Items not reclassified subsequently to profit or loss:		
Remeasurement of defined benefit programs	**$ 450**	**(1,261)**
Components of Other Comprehensive Income that May Be Reclassified to Profit or Loss:		
Exchange Differences on Translation of Foreign Financial Statements	**$ 6,507**	**(37,127)**

The reconciliation of income tax expense and net profit before tax for 2023 and

2022 were as follows:

	2023	2022
Net income before tax	$ 84,907	44,428
Estimated income tax calculated based on the Company's statutory tax rate	$ 16,981	8,886
Financial asset valuation profit or loss	(1,418)	6,117
Domestic transaction of disposal of securities	880	2,223
Dividend income	(1,451)	(2,841)
Profit or loss of investment accounted for using equity method	76	70
Change in unrecognized temporary differences	(41)	(420)
Over estimate of the prior period	(6,354)	(4,481)
Under (over) estimate of the prior period	15,995	-
Imposition on undistributed earnings	5,932	-
Total	$ 30,600	9,554

2. Deferred tax assets and liabilities

The changes in the recognized deferred tax assets and liabilities in 2023 and 2022 are as follows:

Deferred tax liabilities:

	Profit or loss of reinvestment accounted for using equity method	Unrealized exchange gain	Total
January 1 , 2023	$ 23,068	-	23,068
Statements of Credit	11,736	1,184	12,920
December 31, 2023	$ 34,804	1,184	35,988
January 1, 2022	$ 108,693	-	108,693
Statements of Credit	(85,625)	-	(85,625)
December 31, 2022	$ 23,068	-	23,068

Deferred tax assets:

	Unrealized exchange loss	Allowance for loss on valuation of inventories and scrapped	Allowance for doubtful debt, allowance for sales return, and discount	Exchange Differences on Translation of Foreign Financial Statements	Pension excess amount	Total
January 1 , 2023	$ 7,998	19,340	3,097	9,797	4,560	44,792
Statement of Credit (Debit)	(7,998)	(7,702)	(1,211)	-	(73)	(16,984)
Debited in other comprehensive income in the current period	-	-	-	6,507	450	6,957
December 31, 2023	$ -	11,638	1,886	16,304	4,937	34,765
January 1, 2022	$ 3,609	10,767	4,649	46,924	7,034	72,983
Statement of Credit (Debit)	4,389	8,573	(1,552)	-	(1,213)	10,197
Credited (debited) in other comprehensive income in the current period	-	-	-	(37,127)	(1,261)	(38,388)
December 31, 2022	$ 7,998	19,340	3,097	9,797	4,560	44,792

3. The collection and approval status of income tax

The Company's tax returns for the years through 2021 were examined and approved by the Taiwan National Tax Administration.

(17) Capital and other equities

As of December 31, 2023 and 2022, the Company's authorized capital was NT$2,000,000 thousand, with a par value of NT$10 per share, that consisting of 200,000 thousand shares. The authorized capital above is common shares, and the issued common shares are 159,899 thousand shares All proceeds from shares issued have been collected.

1. Capital surplus

The capital surplus balance is as follows:

		2023.12.31	2022.12.31
Capital premium of capital increase in cash	$	214,731	214,731
Premium on bonds payable		204,198	204,198
	$	418,929	418,929

In accordance with Company Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

2. Retained earnings

The Company's Articles of Incorporation provide that, when allocating the net profit for each fiscal year, the Company shall first offset its losses in previous years and then set aside the legal reserve at 10% of net profit; and also set aside special capital reserve in accordance with relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 10% of the remaining earnings. The appropriations of earnings are approved by the Company's Board of Directors in its meeting and presented for approval by the Company's shareholders in its meeting.

In accordance with the dividend policy provided in the Articles of Incorporation and the demand in upgrading equipment and expansion in the future, the ratio of cash dividend distribution shall not be less than 10% of the total distribution amount, and the remaining amount is distributed in shares.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(2) Special reserve

In accordance with the regulations of the FSC, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings (which does not qualify for earnings distribution) shall be reclassified as special earnings reserve to account for the cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

The appropriations of earnings in 2022 and 2021 have been approved during the shareholders' meeting held on June 14, 2023 and June 23, 2022, respectively. The amounts of dividends distributed were as follows:

	2022	2022
Cash dividend per share (Unit: Thousand NTD)	$ 0.50	1.05

The above earnings distribution information may be inquired on MOPS.

The appropriation of earnings in 2023 has been approved during the Board of Directors meeting held on March 8, 2024. The amount of dividends distributed to owners was as follows:

	2023
Cash dividends distributed to owners of common shares	$ 79,950

3. Other equity (net of tax)

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized profit or loss of financial assets through other comprehensive income at FVTPL	Total
Balance as of January 1, 2023	(51,411)	7,444	(43,967)
Exchange Differences on Translation of Foreign Financial Statements	(26,029)	-	(26,029)
The amount of translation of foreign financial statements of subsidiaries using equity method	(39)	-	(39)
Balance as of December 31, 2023	$ (77,479)	7,444	(70,035)
Balance as of January 1, 2022	(223,166)	7,444	(215,722)
Exchange Differences on Translation of Foreign Financial Statements	148,508	-	148,508
The amount of translation of foreign financial statements of subsidiaries using equity method	23,247	-	23,247
Balance as of December 31, 2022	$ (51,411)	7,444	(43,967)

(18) Earnings per share

The calculation of basic and diluted earnings per share of the Company is as follows:

Unit: Thousand shares

		2023	2022
Basic earnings per share:			
Net profit attributed to the common shares	$	54,307	34,874
Weighted average common shares outstanding		159,899	159,899
Basic earnings per share (Unit: NTD)	$	0.34	0.22
Diluted earnings per share:			
Net profit attributed to the common shares	$	54,307	34,874
Weighted average common shares outstanding		159,899	159,899
Effect of potentially dilutive common shares			
Effect of remuneration of employees		393	473
Weighted average common shares outstanding plus the effect of potentially dilutive common shares		160,292	160,372
Diluted earnings per share (Unit: NTD)	$	0.34	0.22

(19) Revenue from contracts with customers

1. Disaggregation of revenue

		2023	2022
Primary geographical markets:			
Taiwan	$	364,001	333,295
China		875,376	1,040,605
Thailand		27,591	26,637
Other countries		13,717	34,372
	$	1,280,685	1,434,909
Main product/service lines:			
Double sided PCB	$	431,803	487,757
Multi-layer PCB		837,930	926,130
Others		10,952	21,022
	$	1,280,685	1,434,909

2. Contract balances

		2023.12.31	2022.12.31	2022.1.1
Notes receivable	$	1,351	2,662	4,171
Accounts receivable		382,714	408,773	930,544
Accounts receivable - Related party		628	12,836	4,933
Less: Loss allowance		(80)	(408)	(4,334)
Total	$	384,613	423,863	935,314

Please refer to Note 6 (4) for the disclosure of notes and accounts receivable and their impairments.

(20) Remuneration of employees and remuneration of directors and supervisors

According to the Company' s Article of Incorporation, if the Company incurs profit for the year, it shall allocate not less than 5% of the annual profit as remuneration of employee and no more than 3% as the remuneration of directors and supervisors. Where there is cumulative losses, the Company shall first set aside the loss amount. The shareholder's meeting on June 23, 2022 approved the amendments to the Articles of Incorporation, in which an Audit Committee will be established to replace the functions of supervisors and that the remuneration of directors and remunerations is amended to the remuneration of directors.

The 2023 and 2022 remuneration of employees estimates were NT$7,451 thousand and NT$3,323 thousand, respectively, and the remuneration of directors estimate were NT$2,856 thousand and NT$1,400 thousand, respectively. The amounts were calculated by the net profit before tax excluding remuneration of employees and remuneration of directors, of each year multiplied by the percentage of remuneration of employees and remuneration of directors and supervisors as specified in the Company's Article of Incorporation. The amounts were accounted for under operating expenses in 2022 and 2021. The differences between the estimated amounts in the financial statements and the estimates, if any, shall be accounted for as a change in accounting estimate and recognized in profit or loss in next year. The amounts, as stated in parent company only financial statements, were the same with those of actual distributions for 2023 and 2022.

The information above may be inquired on the MOPS.

(21) Non-operating incomes and expenses

1. Interest income

	2023	2022
Interest income from bank deposits	**$ 47,153**	**7,705**

2. Other income

	2023	2022
Dividend income	$ 7,257	14,203
Management service income	33,618	32,279
Defected product income	30,041	32,870
Other income	31,229	20,707
Total	**$ 102,145**	**100,059**

3. Other gains or losses

		2023	2022
Net foreign exchange gain	$	21,170	160,552
Net gains on disposal of property, plant and equipment		759	467
Gains on financial assets and liabilities at FVTPL		24,457	47,044
Gains from modification of lease		8	-
Total	$	46,394	208,063

4. Financial costs

		2023	2022
Interest expenses			
Bank loans	$	42,626	29,895
Lease liability		1,162	1,274
Total	$	43,788	31,169

(22) Financial instruments

1. Credit risk

(1) Exposure to credit risk

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

(2) Concentration of credit risk

As of December 31, 2023 and 2022, 83% and 74% of the Company's notes and accounts receivables, respectively, were concentrated on specific customers, respectively. Therefore, the Company was exposed to credit risk.

(3) Credit risk of receivables and financial assets measured at amortized costs

Please refer to Note 6 (4) for the credit risk exposure of accounts receivable.

Please refer to Note 6 (5) for impairments of other receivables. Other receivables of the Company are the financial assets with low credit risk, so the Company measures the loss allowance for 12 months expected credit loss amount.

2. Liquidity risk

The table below is the contractual maturity of financial liabilities, not including the effect of estimated interest payments.

		Carrying amount	Contract cash flow	Less than 1 year	1--2 years	2--5 years	Over 5 years
December 31 , 2023							
Non-derivatives financial liabilities							
Short-term borrowings	$	1,855,000	1,855,000	1,855,000	-	-	-
Short-term notes payable		149,840	149,840	149,840	-	-	-
Payables		373,803	373,803	373,803	-	-	-
Lease liability		74,381	74,381	6,950	7,054	21,802	38,575
Total	$	2,453,024	2,453,024	2,385,593	7,054	21,802	38,575
December 31 , 2022							

	Carrying amount	Contract cash flow	Less than 1 year	1--2 years	2--5 years	Over 5 years
Non-derivatives financial liabilities						
Short-term borrowings	$ 2,025,000	2,025,000	2,025,000	-	-	-
Short-term notes payable	149,894	149,894	149,894	-	-	-
Payables	311,376	311,376	311,376	-	-	-
Long-term borrowings	16,923	16,923	4,415	4,415	8,093	-
Lease liability	81,971	81,971	7,591	6,950	21,480	45,950
Total	$ 2,585,164	2,585,164	2,498,276	11,365	29,573	45,950

The Company did not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The Company's significant exposures of financial assets and liabilities to foreign currency exchange rate risk

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 60,823	30.7050	1,867,575	70,159	30.7100	2,154,578
Financial liabilities						
Monetary items						
USD	5,732	30.7050	175,838	4,043	30.7100	124,163

(2) Sensitivity analysis

The Company' s exposure to exchange rate risk arose from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables and other receivables, accounts payables and other payables that were denominated in foreign currency. Strengthening (weakening) 1 % of appreciation (depreciation) of the TWD against the USD as of December 31, 2023 and 2022, would cause the net profit after tax to increase or decreased by NT$16,916 thousand and NT$20,304 thousand, respectively, while the analysis assumed that all other variables remain constant. The analysis of both periods adopts the same basis.

(3) Exchange gains or losses of monetary items

As the Company involved with numerous functional currencies from trading, it discloses the exchange gains or losses of monetary items in aggregation. The exchange gains or losses of monetary items (realized and unrealized) in 2023 and 2022 were NT$21,170 thousand and NT$160,552 thousand, respectively.

4. Other price risk

(1) The sensitivity analyses for the effect of changes in the securities price on comprehensive income at the reporting dates were performed using the same basis for profit or loss as illustrated below:

Price of securities at reporting date	2023 Amount of other comprehensive income after tax	2023 Net profit or loss after tax	2022 Amount of other comprehensive income after tax	2022 Net profit or loss after tax
Increasing 1%	$ 248	1,311	248	402
Decreasing 1%	$ (248)	(1,311)	(248)	(402)

(2) The sensitivity analyses for the effect of changes in the price of open-end funds on comprehensive income at the reporting dates were performed using the same basis for profit or loss as illustrated below:

Price of open-end funds	2023 Amount of other comprehensive income after tax	2023 Net profit or loss after tax	2022 Amount of other comprehensive income after tax	2022 Net profit or loss after tax
Increasing 1%	$ -	10	-	9
Decreasing 1%	$ -	(10)	-	(9)

Please refer to the Note regarding the information of measurement of the fair value of the level 3 financial assets for the effect of the changes in the price of equity securities of financial assets measured at fair value through other comprehensive income on the comprehensive income items.

5. Interest rate risk

The Company's exposure to the interest rate of financial liabilities is described in the liquidity risk management in the Note.

The sensitivity analysis is determined in accordance with the interest rate exposure of the non-derivatives instrument at the reporting date. For the floating interest rate liabilities, the analysis is based on the assumption that the outstanding liability amount at the reporting date has been outstanding for the whole year. The interest rate variation that the internal personnel reporting the interest rate to the main management level is increase or decrease of 1%of interest rate, which is the assessment by the management on the reasonable possible variation scope.

Strengthening (weakening) 1 % of increase or decrease of interest rate as of December 31, 2023 and 2022, would cause the net profit before tax to decrease or increase by NT$18,550 thousand and NT$20,419 thousand, respectively, while the analysis assumed that all other variables remain constant. They were mainly caused by the loans with floating rate.

6. Fair value information

(1) Types of financial instruments and their fair value

The carrying amounts of financial assets and liabilities and their fair values (including the fair value hierarchy; however, except for financial instruments not measured at fair value whose carrying amount was reasonably close to the fair value and lease liabilities, and, disclosure of fair value information was not required) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVTPL					
Listed stocks	$ 131,089	131,089	-	-	131,089
Unquoted financial assets designated as at FVTPL:	1,001	1,001	-	-	1,001
Subtotal	132,090	132,090	-	-	132,090
Financial assets at FVTPL through other comprehensive income					
Unquoted equity instruments at FVTPL	24,795	-	-	24,795	24,795
Financial assets measured at amortized cost					
Cash and cash equivalents	1,723,400	-	-	-	-
Notes and accounts receivable (including related party)	384,613	-	-	-	-
Other receivables (including related party)	64,160	-	-	-	-
Refundable deposit	460	-	-	-	-
Subtotal	2,172,633	-	-	-	-
Total	**$ 2,329,518**	**132,090**	**-**	**24,795**	**156,885**
Financial liabilities measured at amortized cost					
Bank loans	$ 1,855,000	-	-	-	-
Short-term notes payable	149,840	-	-	-	-
Notes and accounts payable (including related party)	285,433	-	-	-	-
Other payables	88,370	-	-	-	-
Lease liability	74,381	-	-	-	-
Total	**$ 2,453,024**	**-**	**-**	**-**	**-**

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL					
Foreign currency swap contract	$ 2,751	-	2,751	-	2,751
Listed stocks	40,203	40,203	-	-	40,203
Domestic open-end fund	938	938	-	-	938
Subtotal	43,892	41,141	2,751	-	43,892
Financial assets at FVTPL through other comprehensive income					
Unquoted equity instruments at FVTPL	24,795	-	-	24,795	24,795
Financial assets measured at amortized cost					
Cash and cash equivalents	1,939,404	-	-	-	-
Notes and accounts receivable (including related party)	423,863	-	-	-	-
Other receivables (including related party)	144,257	-	-	-	-
Refundable deposit	580	-	-	-	-
Subtotal	2,508,104	-	-	-	-
Total	$ 2,576,791	41,141	2,751	24,795	68,687
Financial liabilities measured at amortized cost					
Bank loans	$ 2,041,923	-	-	-	-
Short-term notes payable	149,894	-	-	-	-
Notes and accounts payable (including related party)	227,042	-	-	-	-
Other payables	84,334	-	-	-	-
Lease liability	81,971	-	-	-	-
Total	$ 2,585,164	-	-	-	-

(2) Valuation techniques for fair value

A. Non-derivative financial instruments

The fair value of financial instruments which are traded in an active market was based on the quoted market price. The quotation announced by the main stock exchanges might be regarded as the fair value of the listed equity securities and debt instruments which was traded in an active market.

A financial instrument was considered to be quoted in an active market if quoted prices were readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represented actual and regularly occurring market transactions on an arm's length basis. On the other hand, if the aforementioned terms were not met, it was regarded as an inactive market. Quoted market prices might not be indicative of the fair value of an instrument if the activity in the market was infrequent, the market was not well-established, only small volumes were traded, or bid-ask spreads were very wide. Determining whether a market was active involves judgment.

Where the financial instrument held by the Company was regarded as being quoted in an active market, the fair values are listed based on the types and characteristics:

- The listed stock and domestic open-end funds, which had standard clauses and terms and were traded in the active market, their fair values were based on the quoted market price accordingly.

Measurements of fair value of financial instruments without an active market were based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that could be extrapolated from either similar financial instruments or discounted cash flow method or the market transaction prices of the similar companies or other valuation techniques, including models, was calculated based on available market data at the balance sheet date.

Where the financial instrument held by the Company was regarded as being quoted in an inactive market, the fair values are listed based on the types and characteristics:

- For the unquoted equity instruments of the Company, their fair values were determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value was discounted for its lack of liquidity in the market.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments was based on the valuation techniques generally accepted by market participants. Fair value of swap exchange contracts were usually determined by the quotation information provided by financial institutions.

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

The Company' s financial instruments that used level 3 inputs to measure fair value mainly include financial assets at FVTPL through other comprehensive income.

Equity investments without an active market contained multiple significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market were independent from each other, as a result, there was no relevance between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL through other comprehensive income - Equity instrument investment without an active market	Market approach (comparable listed company approach)	· Price-book ratio (2.18 and 1.32 as of December 31, 2023 and December 2022, respectively) · Market liquidity discount rate (both 40% as of December 31, 2023 and December 31, 2022, respectively)	· The estimated fair value would increase if the multiplier was higher · The estimated fair value would decrease if market liquidity discount rate was higher

(4) Fair value measurements in level 3 – sensitivity analysis of reasonably possible alternative assumptions.

The Group's measurement on the fair value of financial instruments was deemed reasonable despite different valuation models or assumptions might lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Increase or decrease	The change of fair value in other comprehensive income	
			Favorable	Unfavorable
December 31 , 2023				
Financial assets at FVTPL through other comprehensive income				
Equity instrument investment without an active market	Price-book ratio	5%	4,392	(4,392)
	Market liquidity discount rate	5%	7,319	(7,319)
December 31 , 2022				
Financial assets at FVTPL through other comprehensive income				
Equity instrument investment without an active market	Price-book ratio	5%	3,100	(3,100)
	Market liquidity discount rate	5%	5,166	(5,166)

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships with another input and other variabilities.

The fair value level of financial assets (liabilities) in 2023 and 2022 remained unchanged.

(23) Financial risk management

1. Summary

By using financial instruments, the Company was exposed to the risks below:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This Note expresses the Company's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments. Please refer to each note of the parent company only financial reports for the detailed quantitation disclosure.

2. Risk management framework

The Board of Directors is responsible for supervising the risk management framework. The heads of all departments consist the cross-department operation management meeting, which is responsible for supervising the risk management policies of the Company and reports to the Board of Directors on a regular basis.

The heads of all departments identify and analyze the risks the Company is exposed to, review the impact of external elements on the operation to timely respond to the market conditions, and make proper adjustments on the operation of the Company in response to the market change. The Company allows all employees to learn their roles and responsibilities through trainings, management rules, and operation procedures.

The supervisors and the Audit Committee supervise the management on monitoring the risk management policy and the compliance of the procedure of the Company. The internal audit personnel assists the supervisors and the Audit Committee in the supervising work. Such personnel conducts audit on risk management control and procedure on a regular basis and randomly and reports the audit result to the supervisors and the Audit Committee.

3. Credit risk

Credit risk was the risk of financial loss to the Company if a customer or counterparty to financial instruments failed to meet its contractual obligations that arose principally from the Company's receivables, bank deposits, and other financial instruments.

(1) Accounts receivable

The credit risk exposure of the Company is mainly affected by the conditions of individual customer. In accordance with the credit extension policy, the Company uses the public available financial information and transaction records to assess the main customers before providing the payment terms and credit line. The credit line is determined on a customer-by-customer basis, and it will be reviewed on a regular basis.

The Company prepares a loss allowance account for the incurred losses of notes and accounts receivable. The main components of the loss allowance include specific losses related to individual significant exposure.

(2) Bank deposits and other financial instruments

The Finance Department of the Company is responsible for measuring and monitoring the credit risk of bank deposits and other financial instruments. As the counterparty of the transaction and contracts are banks with excellent credit, there is no significant concern regarding the contract performance. As such, there is no significant credit risk.

(3) Guarantee

The policy of the Company provides that the Company can only provide financial guarantees to a 100% owned subsidiary. As of December 31, 2023 and 2022, the Company did not provide guarantees to other parties other than the subsidiaries.

4. Liquidity risk

Liquidity risk is the risk of being unable to fulfill the obligations that the Company is unable to pay in cash or with other financial assets to repay the financial liabilities. The liquidity management method of the Company is to ensure the Company will have sufficient liquidity to pay mature liabilities in general situation and under pressure in order to prevent unacceptable loss or the risk of damaging the reputation of the Company.

The Finance Department is responsible for monitoring the cash flow demand and planning the most suitable investment for cash rewards using the idle funds. In general, the Company ensures it has sufficient cash to cover the expected operating expenditures for 1 year, including the fulfillment of financial obligations. However, the potential effects that cannot be reasonably expected in the extreme condition, such as natural disasters, are not included. In addition, as of December 31, 2023 and 2022, the unused long-term and short-term borrowings amounts (including commercial papers) of the Company were NT$1,300,640 thousand and NT$1,085,000 thousand, respectively.

5. Market risk

The market risk mainly refers to the risk of changes of the fair value due to the changes of exchange rate, interest rate, and price of equity securities market that may cause the losses of the Company when engaging in related transactions. To manage the exchange rate risk, the Company only maintains a certain portion of net foreign currency position. Meanwhile, the Company chooses to engage with banks with excellent credits for forward exchange transactions and designates professional managerial officers to manage the market risk. In addition, the financial assets of the Company with the fair value risk from the change of interest rate are bank deposits, and the financial liabilities are short-term borrowings, short-term notes payable and long-term borrowings. However, the changes in the market interest rate are limited. In addition, the open-ended funds and listed stocks held by the Company are measured at fair value, the Company is exposed to the risk of market price changes of equity securities. The Company carefully selects the investment targets when engaging in relevant transaction and controls the positions held to management the market risk. In conclusion, the effect of the risks incurred from the changes in the fair value due to the changes in the market price of exchange rate, interest rate, and equity securities on the financial assets and liabilities are not significant.

(24) Capital management

The policy of the Board of Directors on capital management is to maintain healthy capital position to maintain the confidence of investors, debtors, and the market and to support the future operation development. Capital consists of share capitals, capital surplus, retained earnings, and other equities. The Board of Directors is responsible for controlling the debt-to-capital ratio as well as the dividend level of common shares.

	2023.12.31	2022.12.31
Total liabilities	$ 2,529,010	2,699,399
Less: Cash and cash equivalents	(1,723,400)	(1,939,404)
Net liabilities	**$ 805,610**	**759,995**
Total capital	**$ 3,563,128**	**3,616,638**
Debt-to-capital ratio	**22.61%**	**21.01%**

As of December 31, 2023, the Company's capital management strategy remained unchanged.

(25) Investment and financing activities not affecting the current cash flow

The Company's investment and financing activities not affecting the current cash flow in 2023 and 2022 were the acquisition of right-of-use assets through leasing. Please refer to Note 6 (9).

The reconciliations of liabilities arising from financing activities were as follows:

	2023.1.1	Cash flow: Increase	Cash flow: Decrease	Non-cash changes: Changes in leases	Non-cash changes: Changes in exchange rate	Non-cash changes: Changes in fair value	Non-cash changes: Disposal	2023.12.31
Long-term borrowings	$ 16,923	-	(16,923)	-	-	-	-	-
Short-term borrowings	2,025,000	12,760,000	(12,930,000)	-	-	-	-	1,855,000
Short-term notes payable	149,894	1,320,753	(1,320,807)	-	-	-	-	149,840
Lease liability	81,971	125	(7,387)	-	-	-	(328)	74,381
Total liabilities arising from financing activities	$ 2,273,788	14,080,878	(14,275,117)	-	-	-	(328)	2,079,221

	2022.1.1	Cash flow: Increase	Cash flow: Decrease	Non-cash changes: Changes in leases	Non-cash changes: Changes in exchange rate	Non-cash changes: Changes in fair value	Non-cash changes: Disposal	2022.12.31
Long-term borrowings	$ 121,338	-	(104,415)	-	-	-	-	16,923
Short-term borrowings	1,868,000	10,863,101	(10,706,101)	-	-	-	-	2,025,000
Short-term notes payable	99,972	1,160,270	(1,110,348)	-	-	-	-	149,894
Lease liability	89,535	-	(7,481)	-	-	-	(83)	81,971
Total liabilities arising from financing activities	$ 2,178,845	12,023,371	(11,928,345)	-	-	-	(83)	2,273,788

7. Related-party transactions

(1) Names and relationship with the related parties

The followings were subsidiaries and related parties that had transactions with the Company during the periods covered in the parent company only financial statements:

Related Party Name	Relationship with the Company
APCB International Co., Ltd. (hereinafter referred to as APCB International)	Subsidiary of the Company
U-Peak Ltd.(hereinafter referred to as U-Peak)	Subsidiary of the Company
APCB Investment Co., Ltd. (hereinafter referred to as APCB Investment)	Subsidiary of the Company
I Tzu Investment Co., Ltd. (hereinafter referred to as I Tzu Investment)	Subsidiary of the Company
APCB Investment Co.,Ltd. (hereinafter referred to as APCB Investment)	Subsidiary of the Company
New Day Limited(hereinafter referred to asNew Day)	Subsidiary of the Company
APCB Capital Limited(hereinafter referred to asAPCB Capital)	Subsidiary of the Company
Prosper Plus Limited(hereinafter referred to as Prosper)	Subsidiary of the Company
APCB Holdings Ltd.(hereinafter referred to asAPCB Holdings)	Subsidiary of the Company

Related Party Name	Relationship with the Company
APCB Electronics (Kunshan) Co., Ltd. (hereinafter referred to as APCB Electronics (Kunshan))	Subsidiary of the Company
Kunshan Hao Duo Electronics Co., Ltd. (hereinafter referred to as Kunshan Hao Duo)	Subsidiary of the Company
APCB Electronics (Thailand) Co., Ltd.(hereinafter referred to asAPCB Electronics (Thailand))	Subsidiary of the Company
Red Noble Limited(hereinafter referred to asRed Noble)	Subsidiary of the Company
Green Elite Limited(hereinafter referred to asGreen Elite)	Subsidiary of the Company
Smart Explorer Limited(hereinafter referred to asSmart Explorer)	Subsidiary of the Company
Lai, Chin-Tsai	The major management of the Company
Tsao, Yueh-Hsia	The major management of the Company

(2) Significant transactions with related parties

1. Operating revenue

The significant sales amounts between the Company and related parties were as follows:

Related Party Type	2023	2022
APCB Electronics (Thailand)	$ 4,639	11,639

The selling prices and payment terms with related parties were not significantly different from those with third-party customers.

2. Purchases

The purchase amounts from related parties were as follows:

Related Party Type	2023	2022
Subsidiary		
APCB Electronics (Kunshan)	$ 393,706	362,251
Subsidiary	5,116	4,858
Total	$ 398,822	367,109

The purchase of products from related parties was based on the market price and the agreed price between the Company and the related parties. The payment period was determined by the receivable conditions of the Company from customers.

3. Receivables from related parties

The statement of the receivables from related parties was as follows:

Item	Related Party Type	2023.12.31	2022.12.31
Accounts receivable - Related party	APCB Electronics (Thailand)	$ 628	12,836

The Company's receivables from related parties did not involve any collateral, and loss allowance was not required to be set aside after assessment.

4. Payables to related parties

The statement of the payables to related parties was as follows:

Item	Related Party Type	2023.12.31	2022.12.31
Accounts payable - Related party	APCB Electronics (Kunshan)	$ 164,506	115,188
	Subsidiary	1,689	3,888
Total		$ 166,195	119,076

5. Property transactions -disposal of property, plant and equipment

	2023		2022	
Related Party Type	Disposal price	Disposal gain or loss	Disposal price	Disposal gain or loss
Subsidiary				
APCB Electronics (Thailand)	$ 7,091	178	-	-

The Company sold the machinery equipment to the above-mentioned related party in September 2023. As of December 31, 2023, the proceeds had not been collected.

6. Revenue from the services of procurement of parts for related parties

The revenue from the services of procurement of parts for related parties (recognized in non-operating income and expenditure - other income):

Related Party Type	2023	2022
Subsidiary		
APCB Electronics (Thailand)	$ 3,183	2,638
Other subsidiaries	204	112
Total	$ 3,387	2,750

7. Management service income

The income from the management services provided to related parties (recognized in non-operating income and expenditure - other income):

Related Party Type	2023	2022
Subsidiary		
Smart Explorer	$ 33,618	32,279

The statement of other receivables from related parties incurred from providing procurement, management services, and sale of machinery equipment was as follows:

Related Party Type	2023.12.31	2022.12.31
Subsidiary		
APCB Electronics (Thailand)	$ 42,166	104,235
Other subsidiaries	2,964	2,875
	$ 45,130	107,110

8. Endorsement and guarantee

The statement of endorsement and guarantee to related parties was as follows:

	2023.12.31		2022.12.31	
Related Party Type	Endorsement and guarantee amount	Used amount	Endorsement and guarantee amount	Used amount
Subsidiary				
APCB Electronics (Thailand)	$ 1,078,175	443,687	1,182,765	499,652
APCB Electronics (Kunshan)	1,203,113	51,924	936,655	230,325
Total	$ 2,281,288	495,611	2,119,420	729,977

The Company did not charge any fees for providing the aforementioned guarantees. Please refer to Note 9 for the guaranteed bills issued.

As of December 31, 2023 and 2022, the joint credit line balances with subsidiaries were NT$261,410 thousand and NT$161,420thousand, respectively. The guarantee amounts provided by the Company for accounts receivable were NT$92,677 thousand and NT$113,980thousand, respectively.

9. Lease

The Company leased lands from the major management. The interest expenditures recognized in 2023 and 2022 were NT$401thousand and NT$436thousand, respectively. As of December 31, 2023 and 2022, the balances of lease liabilities were NT$25,627thousand and NT$27,987thousand, respectively.

(3) Remuneration of major management

The remuneration of major management includes:

	2023	2022
Short-term employee benefits	$ 11,460	10,214
Post-employment benefits	108	108
	$ 11,568	10,322

The short-term employee benefits in 2023 and 2022 included vehicles for the Chairman, President, and Vice President, and the costs were all NT$9,823thousand, respectively. As of December 31, 2023 and 2022, the book values were NT$905 thousand and NT$1,594 thousand, which were recognized in property, plant and equipment.

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledge assets	Object	2023.12.31	2022.12.31
Accounts receivable	Short-term borrowings and loans of subsidiaries	$ 92,677	113,980
Property, plant and equipment:			
Land	Long-term and short-term borrowings	134,060	134,060
Building	Long-term and short-term borrowings and guarantees for loans of subsidiaries	3,114	5,312
Right-of-use assets:			
Land	Short-term borrowings	24,719	27,191
		$ 254,570	280,543

9. Significant contingent liabilities and unrecognized commitments

(1) Unrecognized commitments were as follows:

	2023.12.31	2022.12.31
Acquisition of property, plant and equipment	$ 2,363	5,458

(2) The guaranteed bills issued by the Company for the bank loans of the Company and subsidiaries endorsed or guaranteed by the Company:

	2023.12.31	2022.12.31
Endorsements/guarantees	$ 2,281,288	2,119,420

10. Losses Due to Major Disasters: None.

11. Material events after the period: Please refer to Note 6(17).

12. Others

Total employee benefits, depreciation, consumption, and amortization expenses categorized by function were as follows:

By function / By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	180,515	61,801	242,316	247,020	61,600	308,620
Labor and health insurance expenses	18,703	6,506	25,209	25,525	7,040	32,565
Pension expenses	7,340	4,606	11,946	9,804	(745)	9,059
Remuneration to directors	-	5,490	5,490	-	3,870	3,870
Other employee benefits expenses	5,230	798	6,028	6,478	(1,079)	5,399
Depreciation expense	49,847	1,115	50,962	57,289	1,226	58,515
Amortization expenses	264	129	393	421	672	1,093

The number of employees and additional information of employee benefits expenses of the Company in 2023 and 2022 were as follows:

	2023	2022
Number of employees	465	593
Number non-employee directors	6	5
Average employee benefits expenses	$ 622	605
Average salary expenses	$ 528	525
Adjustments of average salary expenses	0.57%	
Remuneration of supervisors	$ -	10

The salary and remuneration policy (including the remuneration of directors, supervisors, managerial officers, and employees) is as follows:

(1) The remuneration paid to directors and supervisors includes:

- Remuneration of directors and supervisors: In accordance with Article 19 o the original Articles of Incorporation, where the Company has profit in the current year, it shall first set aside the amount of cumulative loss and distribute no more than 3% of the remaining profit as the remuneration of directors and supervisors. The distribution shall be submitted by the Salary and Remuneration Committee to the Board of Directors for approval and reported to the shareholders' meeting. The shareholder's meeting on June 23, 2022 approved the amendments to the Articles of Incorporation, in which an Audit Committee will be established to replace the functions of supervisors and that the remuneration of directors and remunerations is amended to the remuneration of directors.
- Business expenses: Travel expenses.

(2) The remuneration paid to managerial officers and employees includes:

- Fixed salary: Monthly salary agreed based on the duties, overall environment of the industry, and market standard.
- Bonus: The remuneration for achieving the performance goal. After taking the performance and contribution of the current year into consideration, the Salary and Remuneration Committee submits the bonus to the Board of Directors for approval, and the bonus will be distributed based on the announced batches and dates.
- In accordance with Article 19 of the Articles of Incorporation, where the Company has profit in the current year, it shall first set aside the amount of cumulative loss and distribute no less than 5% of the remaining profit as the remuneration of employees. The distribution shall be determined by the Board of Directors and reported to the shareholders' meeting. The total distribution amount of the remuneration of employees shall match the annual budged approved by the board of Directors.
- The remuneration of employees is distributed in accordance with the laws and regulations and the operating performance of the current year. The distribution standards, structures, and system may be subject to adjust from time to time based on the actual operation condition and amendments to the laws and regulations. The Salary and Remuneration Committee of the Company also assesses the salary and remuneration of managerial officers on a regular basis and provides suggestions to the Board of Directors as reference to ensure the reasonableness of the overall remuneration.

13. Other Disclosures in Notes

(1) Information on Significant Transactions

The following was the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2023:

1. Loans to other parties:

Unit: Thousand NTD

Serial No.	Lending company	Recipients of the loans	Items of engagement	Whether they are a related party	Maximum amount of the current period (Note 3)	Balance as of December 31 (Note 3)	Actual used amount (Note 4)	Interest rate range %	Nature of loans (Note 1)	Engagement amount	Reasons for the necessity of short-term loans	Loss allowance amount set aside	Collateral		Maximum credit line to individual party (Note 2)	Total credit line limit (Note 2)
													Name	Value		
1	U-Peak Ltd.	APCB Electronics (Thailand) Co., Ltd.	Other receivables - Related party	Yes	150,455 (USD4,900)	150,455 (USD4,900)	150,455 (USD4,900)	-	2	-	Demand of operating funds	-		-	1,751,144 (USD57,031)	1,751,144 (USD57,031)
1	〃	APCB International Co., Ltd.	Other receivables - Related party	Yes	743,061 (USD24,200)	743,061 (USD24,200)	743,061 (USD24,200)	-	2	-	Demand of operating funds	-		-	1,751,144 (USD57,031)	1,751,144 (USD57,031)
3	APCB Holdings Limited	APCB Electronics (Thailand) Co., Ltd.	Other receivables - Related party	Yes	294,461 (USD9,590)	294,461 (USD9,590)	294,461 (USD9,590)	-	2	-	Demand of operating funds	-		-	294,500 (USD9,591)	294,500 (USD9,591)
4	Prosper Plus Limited	APCB Electronics (Thailand) Co., Ltd.	Other receivables - Related party	Yes	92,115 (USD3,000)	92,115 (USD3,000)	92,115 (USD3,000)	-	2	-	Demand of operating funds	-		-	163,873 (USD5,337)	163,873 (USD5,337)
4	〃	APCB International Co., Ltd.	Other receivables - Related party	Yes	61,410 (USD2,000)	61,410 (USD2,000)	61,410 (USD2,000)	-	2	-	Demand of operating funds	-		-	163,873 (USD5,337)	163,873 (USD5,337)
5	Green Elite Limited	APCB International Co., Ltd.	Other receivables - Related party	Yes	30,705 (USD1,000)	30,705 (USD1,000)	30,705 (USD1,000)	-	2	-	Demand of operating funds	-		-	38,780 (USD1,263)	38,780 (USD1,263)

Note 1: The descriptions of the nature of loan are as follows:

1. Please input 1for related parties with business engagement.
2. Please input 2for the necessity of short-term loans.

Note 2: In accordance with the "Regulations Governing Loans to Others by Subsidiaries," the restriction that inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares shall not exceed 40 percent of the lender's net worth and with the maturity of 1 year does not apply. However, the total amount shall not exceed 100% of the lender's net worth. The individual loan amount shall not exceed 100% of the lender's net worth and the maturity shall not exceed 5 years.

Note 3: The maximum loan amount.

Note 4: The above mentioned amount was calculated based on the exchange rate on December 31, 2023 (1 CNY: 4.327 NTD and 1 USD: 30.705NTD).

2. Endorsement and guarantees for others:

Serial No.	Name of endorser and guarantor	Endorsee and guarantee		Endorsement and guarantee limit to single entity (Note 1)	The highest endorsement and guarantee balance in the current term	Balance of endorsement and guarantee as of December 31	Actual used amount in the current term	Endorsement and guarantee amount secured by assets	Cumulative endorsement and guarantee amount to the net value in the financial statements of the most recent fiscal year	Maximum endorsement and guarantee amount (Note 1)	Endorsement and guarantee to subsidiaries by parent company	Endorsement and guarantee to the parent company by subsidiaries	Endorsement and guarantee to companies in Mainland China
		Company name	Relationship (Note 2)										
0	The Company	APCB Electronics (Kunshan) Co., Ltd.	2	2,852,502	1,306,378	1,203,113	51,924	-	33.77%	3,563,128	Y	N	Y
0	〃	APCB Electronics (Thailand) Co., Ltd.	2	2,852,502	1,182,572	1,078,175	443,687	-	30.26%	3,563,128	Y	N	N

Note 1: In accordance with the "Procedures for Endorsement/Guarantee" of the Company, the total endorsement and guarantee by the Company is limited to 100% of the net value in the financial statements of the most recent fiscal year. The endorsement and guarantee to single entity shall not exceed 80% of the net value in the financial statements of the most recent fiscal year. Where an endorsement/guarantee is made due to needs arising from business dealings, the endorsement and guarantee shall not exceed the total transaction amount (the higher of purchases or sales between two parties) with the Company in the most recent fiscal year

Note 2: There are 7 types of relationships between the endorser/guarantor and endorsee/guarantee as follows. Only identifying the types will be sufficient:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
4. A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
5. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

3. Marketable securities held as of December 31 (not including the investment in subsidiaries, affiliates, and joint equity):

Name of the Company	Types and names of the equity securities	Relationship with the issuer	Item	December 31				Remarks
				Number of shares (thousand shares)	Carrying amount	Shareholding ratio	Fair value	
The Company	Shares:							
	Motech Industries Inc.	—	Financial assets measured at FVTPL - Current	132	3,699	0.03%	3,699	
〃	Winbond Electronics Corporation	—	〃	600	18,270	0.01%	18,270	
〃	Evergreen Marine Corporation	—	〃	90	12,915	- %	12,915	
〃	CATHAY FINANCIAL HOLDINGS	—	〃	200	9,150	- %	9,150	
〃	WIN Semiconductors Corp.	—	〃	140	22,260	0.03%	22,260	
〃	Taiwan Semiconductor Manufacturing Company Limited	—	〃	10	5,930	-	5,930	
〃	HannStar Display Corporation	—	〃	2,700	31,995	0.09%	31,995	
〃	Fulltech Fiber Glass Corporation	—	〃	100	1,565	0.02%	1,565	
〃	UNIC TECHNOLOGY CORP.	—	〃	250	6,125	0.17%	6,125	
〃	ITEQ CORPORATION	—	〃	100	8,480	0.03%	8,480	
〃	Co-tech Development Corporation	—	〃	50	3,030	0.02%	3,030	
〃	Apex International Co., Ltd.	—	〃	50	2,520	0.03%	2,520	
〃	ADATA Technology Co., Ltd.	—	〃	50	5,150	0.02%	5,150	
					131,089		131,089	
〃	Taishin Flexible Interest Bond Fund	—	Financial assets measured at FVTPL - Current	100	1,001	- %	1,001	
					132,090		**132,090**	
〃	Shares:							
	Leison Technology Company Ltd.	—	Financial assets through other comprehensive income at FVTPL - Non-current	1,735	**24,795**	16.58%	**24,795**	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of share capital:

Unit: Thousand NTD

Buying/ selling company	Types and names of the equity securities	Item	Counterparty of the transaction	Relation	Beginning of period		Buying		Selling				December 31	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal gain or loss	Number of shares	Amount (Note)
APCB Electronics (Kunshan) Co., Ltd.	Fubon Wah I Bank- Securities such as structured deposits	Financial assets measured at FVTPL			-	15,428 (RMB 3,500)	-	483,498 (RMB 110,000)	-	434,512 (RMB 98,855)	432,949 (RMB 98,500)	1,563 (RMB 355)	-	65,977 (RMB 15,000)
〃	Metropolitan Bank & Trust Company- Held-to-maturity protected structured deposits	〃			-	-	-	373,611 (RMB 85,000)	-	-	-	-	-	373,611 (RMB 85,000)

Note: On December 31, 2023, the exchange rate between CNY and NTD was 1 : 4.3954 , and the amount excluding the effect of exchange rate was NT$6,885 thousand.

5. Acquisition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital: None.
6. Disposition of real estate with amount exceeding the lower of NT$300 million or 20% of share capital: None.
7. Total purchases from or sales to related parties with amount exceeding the lower of NT$100 million or 20% of share capital:

Companies that purchases/ sales were from/to	Name of the counterparty	Relation	Transaction status				The difference on the transaction terms compared to general transactions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchases/ sales	Amount	To the total purchases/sales (%)	Credit period	Unit price	Credit period	Balance	To the total notes and accounts receivable (payable) (%)	
APCB Electronics (Kunshan) Co., Ltd.	The Company	Parent company and subsidiaries	Sales	(393,706)	10.59	(Note 1)	(Note 1)	(Note 1)	164,506	15.52	
"	Smart Explorer Limited	Affiliates	Sales	(217,365)	5.79	(Note 1)	(Note 1)	(Note 1)	85,607	8.02	
Kunshan Hao Duo Electronics Co., Ltd.	APCB Electronics (Thailand) Co., Ltd.	Affiliates	Sales	(170,902)	100.00	(Note 1)	(Note 1)	(Note 1)	84,026	100.00	

Note 1: The prices were calculated based on the agreed price between the Company and the related parties. The payment period was determined by the receivable conditions of the Company from customers.

8. Total receivables from related parties with amount exceeding the lower of NT$100 million or 20% of share capital:

Unit: Thousand NTD

Companies recognized in receivables	Name of the counterparty	Relation	Balance of receivables from related parties	Turnover %	Overdue receivables from related parties		Post-period recovery amount of receivables from related parties	Loss allowance amount set aside
					Amount	Disposal approach		
APCB Electronics (Kunshan) Co., Ltd.	The Company	Parent company and subsidiaries	164,506 (USD5,358) (Note 1)	2.82	-		17,393 (USD2,429)	-
U-Peak Ltd.	APCB International Co., Ltd.	Affiliates	743,061 (USD24,200) (Note 2)	-	-		-	-
〃	APCB Electronics (Thailand) Co., Ltd.	Affiliates	150,455 (USD4,900) (Note 2)	-	-		-	-
APCB Holdings Limited	APCB Electronics (Thailand) Co., Ltd.	Affiliates	294,461 (USD9,590) (Note 2)	-	-		-	-

Note 1: Receivables from sales income.

Note 2: Principle of loans.

Note 3: As of March 8, 2023.

9. Derivative transactions:

Please refer to Note 6 (2) Financial assets and liabilities at FVTPL.

The Company's realized gains due to foreign exchange transactions in 2023 amounted to NT$21,768 thousand, which were recognized under other gains and losses. Please refer to Note 6(21).

(2) Information on Investees:

The information on investees in 2023 (not including investees in Mainland China):

Unit: Thousand NTD/thousand shares

Name of investing company	Name of investee	Location	Major business items	Initial investment amount		Held as of December 31			Current profit or loss of the investee (Note 2)	Investment profit or loss recognized in the current period (Note 2)	Remarks
				By the end of the current period	As of December 31 of the previous year	Number of shares	Ratio %	Carrying amount (Note 2)			
APCB INC.	APCB International Co., Ltd.	British Virgin Islands	Investment business	2,708,212 (USD88,201)	2,708,633 (USD88,201)	(Note1)	100.00	1,087,825	89,921	89,921	Subsidiary of the Company
〃	U-Peak Ltd.	Samoa	〃	96,721 (USD3,150)	96,737 (USD3,150)	(Note1)	100.00	1,751,144	22,645	22,645	Subsidiary of the Company
〃	APCB Investment Co., Ltd.	Taiwan	〃	87,000	87,000	8,700	100.00	136,632	(208)	(208)	Subsidiary of the Company
〃	I Tzu Investment Co., Ltd.	Taiwan	〃	87,000	87,000	8,700	100.00	134,691	(172)	(172)	Subsidiary of the Company
〃	Red Noble Limited	Samoa	〃	9,212 (USD300)	9,213 (USD300)	(Note1)	100.00	83,824	(31,232)	(31,232)	Subsidiary of the Company
APCB International Co., Ltd.	APCB Investment Co., Ltd.	Mauritius	Investment business	819,056 (USD26,675)	919,189 (USD26,675)	(Note1)	100.00	1,797,686	214,875	214,875	Subsidiary of the subsidiary of the Company
〃	New Day Limited	Samoa	〃	6,448 (USD210)	6,449 (USD210)	(Note1)	100.00	59,568	9,004	9,004	Subsidiary of the subsidiary of the Company
〃	APCB Capital Limited	Samoa	〃	2,839,721 (USD92,484)	2,840,183 (USD92,484)	(Note1)	100.00	51,861	(134,121)	(134,121)	Subsidiary of the subsidiary of the Company
〃	Prosper Plus Limited	Samoa	〃	30,705 (USD1,000)	30,710 (USD1,000)	(Note1)	100.00	163,873	62	62	Subsidiary of the subsidiary of the Company
I Tzu Investment Co., Ltd.	APCB Holdings Limited	British Virgin Islands	Investment business	73,692 (USD2,400)	73,704 (USD2,400)	(Note1)	50.00	147,238	-	-	Subsidiary of the subsidiary of the Company
APCB Investment Co., Ltd.	APCB Holdings Limited	British Virgin Islands	〃	73,692 (USD2,400)	73,704 (USD2,400)	(Note1)	50.00	147,262	-	-	Subsidiary of the subsidiary of the Company
APCB Capital Limited	APCB Electronics (Thailand) Co., Ltd.	Thailand	Design, development and manufacturing of multi-layer PCB and new electronic parts	2,836,804 (USD92,389)	2,837,266 (USD92,389)	(Note1)	100.00	49,374	(134,121)	(134,121)	Subsidiary of the subsidiary of the subsidiary of the Company
Red Noble Limited	Green Elite Limited	Somoa	Trade business	3,071 (USD100)	3,071 (USD100)	(Note1)	100.00	38,780	30	30	Subsidiary of the subsidiary of the Company
〃	Smart Explorer Limited	Somoa	Trade business	3,071 (USD100)	3,071 (USD100)	(Note1)	100.00	42,097	(31,280)	(31,280)	Subsidiary of the subsidiary of the Company

Note 1: It is a limited company.

Note 2: The long-term equity investment and investment profit or loss of the current period was recognized as profit or loss using equity method based on the audited financial statements.

Note 3: Apart from that the investment profit or loss of the current period and the investment profit or loss of the current period of the investee adopted the weighted average exchange rate (1USD：31.155NTD), the rest of the profit or loss were calculated with the exchange rate on December 31, 2023 (1USD:30.705NTD).

(3) Information on Investment in Mainland China:

1. Information on the name of the investees in Mainland China and major business items:

Unit: Thousand NTD

Name of investee in Mainland China	Major business items	Paid-in capital	Investment approach (Note1)	Accumulated outward remittance for investment from Taiwan as of January 1	Remittance or recovered investment amount of the current period		Accumulated outward remittance for investment from Taiwan as of December 31	Current profit or loss of the investee (Note 2) Profit (Note 2)	Shareholding ratio of direct and indirect investment by the Company	Profit or loss of investment recognized in the current period (Note2)	Carrying amount of investment as of December 31 (Note2)	Accumulated repatriation of investment income as of December 31
					Outward remittance	Recover						
APCB Electronics (Kunshan) Co., Ltd.	Design, development and manufacturing of multi-layer PCB and new electronic parts	783,105 (USD25,500)	(2)	819,056 (USD26,675)	-	-	819,056 (USD26,675)	214,812 (USD6,895)	100.00	214,812 (USD6,895)	1,791,330 (USD58,340)	-
Kunshan Hao Duo Electronics Co., Ltd.	PCB business	6,449 (USD210)	(2)	6,448 (USD210)	-	-	6,448 (USD210)	9,004 (USD289)	100.00	9,004 (USD289)	59,567 (USD1,940)	-

Note 1: The investment methods are classified into the following 3 types. Only the type is required to be identified:

(I) Direct investment in China.

(I) Investment in APCB International Co., Ltd. in the third area, and reinvestment from that company in Mainland China.

(III) Other approaches.

Note 2: It refers to the reinvestment amount through APCB International Co., Ltd. The disclosed profit or loss of investment and the carrying amount was the amount of each direct or indirect investment item. The long-term equity investment and the profit or loss of investment was recognized by that company measured using equity method based on the audited financial statements of the parent company in Taiwan.

Note 3: Apart from that the accumulated repatriation of investment profit or loss of the investee in the current period adopts historical exchange rate and that the current profit or loss and the recognized investment profit or loss adopts weighted average exchange rate (1USD:31.155NTD), the rest of the profit or loss were calculated with the exchange rate on December 31, 2023 (1USD:30.705NTD).

2. The investment limit in Mainland China:

Unit: Thousand NTD

Accumulated outward remittance for investment in China as of December 31	Investment amounts authorized by the Investment Commission, Ministry of Economic Affairs	Maximum amount of investment stipulated by Investment Commission, Ministry of Economic Affairs
825,504 (USD 26,885) (Note 1)	825,504 (USD 26,885) (Note 1)	2,137,877 (Note2)

Note 1: The investment in Mainland China refers to the investment amount of the Company through APCB International Co., Ltd. As of December 31, 2023, the Company has requested permission from the Investment Commission and remitted US$26,885 thousand.

Note 2: 60% of net value.

Note 3: The investment amount in Mainland China, accumulated outward remittance for investment in China as of December 31, and maximum amount of investment approved by the Investment Commission were calculated using the exchange rate on December 31, 2023 (1USD:30.705NTD).

3. Significant transactions between the Company and the investees in Mainland China:

Please refer to (1) Information on Significant Transactions for the significant transactions between the Company and subsidiaries in Mainland China.

(4) Information on Major Shareholders:

Name of major shareholders / Share	Increase (decrease)	Shareholding ratio
Lai, Chin-Tsai	10,299,803	6.44%
Tsao, Yueh-Hsia	9,924,708	6.20%

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

(2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust ac count. The shareholders holding more than 10% of the total shares of the company should declare insider' s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the MOPS website.

(3) The shareholding ratio is rounded to the second decimal point unconditionally.

14. Segment Information

Please refer to the 2023 consolidated financial reports.

APCB INC.

Statement of cash and cash equivalents

December 31, 2023 **Unit: NTD thousand**

Foreign currency $

Item	Summary	Amount
Cash	Cash on hand	$ 150
Bank deposits	Demand (current) deposit	230,776
	Check deposit	666
	Foreign currency (USD25,546,788.51 at the exchange rate of 30.705)	784,414
	(JPY5,427,472.00 at the exchange rate of 0.2172)	1,179
	Time deposit (mature between January 11, 2024 and January 30, 2024, with the interest rate at 5.55%~5.75%)	583,395
Cash equivalents	Bonds with repurchase agreement (mature between January 9, 2024 and January 16, 2024 with the interest rate at 5.55%~5.58%)	122,820
		$ 1,723,400

APCB INC.

Statement of Financial assets measured at FVTPL - Current

December 31, 2023

Unit: NTD thousand

Financial instrument	Summary	Thousand shares/ thousand unit	Par value (NTD)	Total	Interest rate (%)	Cost of acquisition	Fair value Unit price (NTD)	Fair value Total	Remarks
Shares:									
Motech Industries Inc.		132	$ 10.00	1,320	-	9,359	28.50	3,699	
Winbond Electronics Corporation		600	10.00	6,000	-	15,745	30.45	18,270	
Evergreen Marine Corporation		90	10.00	900	-	16,602	143.50	12,915	
CATHAY FINANCIAL HOLDINGS		200	10.00	2,000	-	8,930	45.75	9,150	
WIN Semiconductors Corp.		140	10.00	1,400	-	24,608	159.00	22,260	
Fulltech Fiber Glass Corporation		100	10.00	1,000	-	1,697	15.65	1,565	
UNIC TECHNOLOGY CORP.		250	10.00	2,500	-	5,653	24.50	6,125	
ITEQ CORPORATION		100	10.00	1,000	-	9,086	84.80	8,480	
Co-tech Development Corporation		50	10.00	500	-	3,226	60.60	3,030	
Apex International Co., Ltd.		50	10.00	500	-	2,879	50.40	2,520	
ADATA Technology Co., Ltd.		50	10.00	500	-	4,995	103.00	5,150	
Taiwan Semiconductor Manufacturing Company Limited		10	10.00	100	-	4,093	593.00	5,930	
HannStar Display Corporation		2,700	10.00	27,000	-	34,752	11.85	31,995	
Funds:									
Taishin Flexible Interest Bond Fund		100	-	-	-	1,003	10.01	1,001	
						$ 142,628		132,090	

APCB INC.

Statement of notes receivables

December 31, 2023 **Unit: NTD thousand**

Name of customers	Summary	Amount	Remarks
Non-related party:			
9132Company	Operating	$ 696	
T-26Company	Operating	411	
H72 Company	Operating	244	
Others (Note)		-	
		$ 1,351	

(Note) The amount of each customer does not reach 5% of the balance of the item.

Statement of accounts receivable

Name of customers	Summary	Amount	Remarks
Related party:			
APCB Electronics (Thailand)	Operating	$ 628	
Non-related party:			
A-20Company	Operating	143,269	
K-45Company	Operating	35,278	
K-40Company	Operating	27,560	
S-31Company	Operating	27,347	
G-31Company	Operating	21,466	
B-07Company	Operating	17,949	
Others (Note)		109,845	
		382,714	
Less: Loss allowance for doubtful debts	Operating	80	
Subtotal		382,634	
		$ 383,262	

(Note) The amount of each customer does not reach 5% of the balance of the item.

APCB INC.

Statement of other receivables

December 31, 2023 **Unit: NTD thousand**

Item	Summary	Amount	Remarks
Related party:			
Other receivables	APCB Electronics (Thailand)	$ 42,166	
Other receivables	Smart Explorer	2,763	
Other receivables	APCB Electronics (Kunshan)	201	
Subtotal		45,130	
Non-related party:			
CUST0183		11,627	
CUST8209		867	
Others (Note)		6,965	
Subtotal		19,459	
		$ 64,589	

(Note) The amount of each customer does not reach 5% of the balance of the item.

APCB INC.

Statement of Inventories

December 31, 2023 **Unit: NTD thousand**

Item	Amount: Cost	Amount: Net realizable value	Remarks
Merchandise	$ 5,621	5,621	Market price refers to the estimated net realizable value
Raw materials	18,549	9,426	〃
Materials	23,492	21,599	〃
Work in processing	56,889	45,077	〃
Product	72,778	48,583	〃
Subtotal	177,329	**130,306**	
Less: Allowance for loss on valuation of inventories	58,191		
	$ 119,138		

Statement of other current assets

Item	Summary	Amount	Remarks
Prepayment		$ 7,801	
Prepaid insurance premium		3,664	
Others (Note)		545	
		$ 12,010	

(Note) The amount of each customer does not reach 5% of the balance of the item.

APCB INC.

Statement of Financial assets through other comprehensive income at FVTPL - Non-current

From January 1 to December 31 of 2023

Unit: NTD thousand

Name	January 1		Current increase		Current decrease		December 31		Provided for guarantees or pledges	Remarks
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value		
Leison Technology Company Ltd.	1,735	$ 24,795	-	-	-	-	1,735	24,795	None	

APCB INC.

Statement of changes in investment using equity method

From January 1 to December 31 of 2023

Unit: NTD thousand

Name	Balance on January 1		Current increase (Note 3)		Current decrease (Note 4)		Balance on December 31			Net value of market value or equity (Note 2)		Provided for guarantees or pledges	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total		
APCB International Co., Ltd.	(Note 1)	$ 1,032,798	-	89,921	-	34,895	(Note 1)	- %	1,087,824	(Note 1)	1,087,825	None	
U-Peak Ltd.	(Note 1)	1,729,108	-	22,645	-	608	(Note 1)	- %	1,751,145	(Note 1)	1,751,144	None	
APCB Investment Co., Ltd.	8,700	136,859	-	-	-	227	8,700	- %	136,632	15.70	136,632	None	
I Tzu Investment Co., Ltd.	8,700	134,883	-	-	-	191	8,700	- %	134,692	15.48	134,692	None	
Red Noble Limited	(Note 1)	114,625	-	432	-	31,232	(Note 1)	- %	83,825	(Note 1)	83,825	None	
		$ 3,148,273		112,998		67,153			3,194,118		3,194,118		

(Note 1) It is a limited company.

(Note 2) The fair value of long-term equity is the net value of equity at the reporting date.

(Note 3) It refers to the investment gain of NT$112,566 thousand and the exchange difference of the financial report translation of foreign operations (excluding the effect of income tax) of NT$432 thousand.

(Note 4) NT$31,612 thousand of investment losses, NT$33,007 thousand of exchange differences on translation of financial statements of foreign operating institutions (excluding income tax effects) NT$33,007 thousand, and remeasurement of defined benefit plans of subsidiaries, affiliates and joint ventures NT$2,534 thousand .

APCB INC.

Statement of other non-current assets

December 31, 2023 **Unit: NTD thousand**

Item	Summary	Amount	Remarks
Long-term prepayments		$ 1,648	
Equipment prepayment		942	
Refundable deposit		460	
		$ 3,050	

(Note) The amount of each customer does not reach 5% of the balance of the item.

APCB INC.

Statement of short-term borrowings

December 31, 2023

Unit: NTD thousand

Types of borrowings	Description	Balance on December 31	Contract period	Interest rate %	Credit line	Pledge or guarantee	Remarks
Pledged borrowings	Land Bank of Taiwan	$ 150,000	Less than 1 year	2.08	150,000	Land and buildings of the Company	
	Bank of Taiwan	300,000	"	1.80	300,000	Land of shareholders, premises and buildings of the Company	
		450,000			450,000		
Uncesured loans	Mega International Commercial Bank	110,000	"	1.90	150,000	None	
	Bank SinoPac	400,000	"	1.85	553,525	(Note1)	
	Hua Nan Commercial Bank	150,000	"	1.93	150,000	None	
	Taiwan Cooperative Bank	100,000	"	2.07	100,000	None	
	CTBC Bank	70,000	"	2.00	70,000	None	
	E.SUN Commercial Bank	-	"	-	100,000	None	
	Taishin International Bank	-	"	-	200,000	(Note1)	
	Chang Hwa Bank	-	"	-	80,000	None	
	First Commercial Bank	80,000	"	2.00	80,000	None	
	Entie Commercial Bank	20,000	"	2.10	100,000	None	
	Bank of Panhsin	-	"	-	60,000	None	
	Taipei Fubon Bank	-	"	-	184,230	None	
	KGI Bank	200,000	"	1.98	300,000	None	
	Export–Import Bank of the Republic of China	-	"	-	150,000	None	
	Taichung Commercial Bank	50,000	"	2.10	80,000	(Note2)	
	O-Bank	-	"	-	100,000	None	
	Taiwan Shin Kong Commercial Bank	45,000	"	2.00	50,000	None	
	Cathay United Bank	80,000	"	1.74	80,000	None	
	DBS Bank	100,000	"	1.85	100,000	None	
	HSBC	-	"	-	60,000	None	
		1,405,000			2,747,755		
		$ 1,855,000			3,197,755		

Note 1: Joint credit line with subsidiaries. The used amount by subsidiaries was NT$92,115thousand.

Note 2: Include NT$50,000thousand of the commercial paper.

APCB INC.

Statement of short-term notes payable

December 31, 2023

Unit: NTD thousand

Item	Guarantee or acceptance bank	Contract period	Interest rate (%)	Amount			Notes
				Issuance amount	Unamortized discount on the commercial paper payables	Carrying amount	
Commercial paper payable	China Bills Finance Corporation	Less than 1 year	1.35	$ 50,000	(33)	49,967	
	Taiwan Finance Corporation	〃	1.71	50,000	(75)	49,925	
	Mega Bills Finance Corporation	〃	1.72	50,000	(52)	49,948	
Total				**$ 150,000**	**(160)**	**149,840**	

APCB INC.

Statement of notes payable

December 31, 2023 **Unit: NTD thousand**

Name of customers	Summary	Amount	Remarks
Non-related party:			
4015Company	Operating	$ 8,560	
6252Company	Operating	5,795	
Others (Note)		78,385	
		$ 92,740	

(Note) The amount of each customer does not reach 5% of the balance of the item.

Statement of accounts payable

Name of customers	Summary	Amount	Remarks
Related party:			
APCB Electronics (Kunshan)	Operating	$ 164,506	
APCB Electronics (Thailand)	Operating	1,689	
Subtotal		166,195	
Non-related party:			
4017Company	Operating	4,081	
4015Company	Operating	3,859	
4001Company	Operating	2,835	
9056Company	Operating	2,726	
1110Company	Operating	1,534	
Others (Note)		11,463	
Subtotal		26,498	
		$ 192,693	

(Note) The amount of each customer does not reach 5% of the balance of the item.

APCB INC.

Statement of other payables

December 31, 2023 **Unit: NTD thousand**

Item	Summary	Amount
Payable expenses		$ 38,684
Bonus payable		20,816
Salary payable		17,323
Employee remuneration payable		7,451
Others (Note)		4,096
		$ 88,370

(Note) The amount of each customer does not reach 5% of the balance of the item.

Statement of other current liabilities

Name of customers	Summary	Amount	Remarks
Allowance for employee benefit liabilities		$ 10,199	
Agency receivables		4,009	
Receipts in advance		2,062	
Others (Note)		581	
		$ 16,851	

(Note) The amount of each customer does not reach 5% of the balance of the item.

APCB INC.

Statement of operating revenue

From January 1 to December 31 of 2023 **Unit: NTD thousand**

Name of customers	Number	Amount	Remarks
Sales revenue:			
Double sided PCB	343,829.02square feet	$ 453,365	
Multi-layer PCB	842,750.44square feet	845,309	
Raw materials and others	57,548.88square feet	10,952	
Subtotal		1,309,626	
Less: Sales return and discounts		28,941	
Net operating revenue		**$ 1,280,685**	

APCB INC.

Statement of operating costs

From January 1 to December 31 of 2023 **Unit: NTD thousand**

Item	Amount Subtotal	Amount Total
Sales costs of self-manufacturing products		
Direct raw materials:		
Inventory as of January 1	$ 19,955	
Add: Purchase of raw materials in the current period	90,020	
Less: Inventory as of December 31	(18,549)	
Scrap of raw materials	(160)	
Subtotal of direct raw materials	91,266	
Direct materials:		
Inventory as of January 1	23,224	
Add: Purchase of raw materials in the current period	289,938	
Less: Inventory as of December 31	(23,492)	
Subtotal of direct materials	289,670	
Direct labor	114,629	
Manufacturing expenses	428,709	
Manufacturing costs	924,274	
Add: work in progress inventory as of January 1	74,182	
Less: work in progress inventory as of December 31	(56,889)	
Loss on physical work in processing inventory	(4)	
Subtotal of costs of products	941,563	
Add: Product inventory as of January 1	95,884	
Less: Product inventory as of December 31	(72,778)	
Loss on scraps of products	(1,334)	
Total costs of self-manufacturing products		963,335
Commodities		
Inventory as of January 1	7,866	
Add: Purchase in the current period	413,583	
Less: Inventory as of December 31	(5,621)	
Subtotal of commodity		415,828
Total sales costs		1,379,163
Loss on scraps of inventory		1,494
Loss on valuation of inventories		(38,510)
Loss on inventory physical count		4
Income from sale of scraps		(26,182)
Total operating costs		$ 1,315,969

APCB INC.

Statement of promotion and marketing expenses

From January 1 to December 31 of 2023 **Unit: NTD thousand**

Name of customers	Summary	Amount	Remarks
Salary expenditures (including pensions)		$ 7,477	
Freight		4,049	
Export expenses		3,841	
Insurance expenses		1,002	
Other expenses (Note)		2,491	
		$ 18,860	

(Note) The amount of each customer does not reach 5% of the balance of the item.

Statement of administration expenses

Name of customers	Summary	Amount	Remarks
Salary expenditures (including pensions)		$ 58,930	
Labor service expenses		8,749	
Insurance expenses		6,249	
Other expenses (Note)		20,207	
		$ 94,135	

(Note) The amount of each customer does not reach 5% of the balance of the item.

Please refer to Note 6 (8) for the Statement of changes in property, plant and equipment.
Please refer to Note 6 (8) for the Statement of changes in the cumulative depreciation on property, plant and equipment
Please refer to Note 6 (9) for the Statement of changes in right-of-use assets.
Please refer to Note 6 (10) for the Statement of costs and amortization of intangible assets.
Please refer to Note 6 (21) for the Statement of other incomes.
Please refer to Note 6 (21) for the Statement of other gains and losses.
Please refer to Note 6 (21) for the Statement of financial costs.

6. If the Company or its affiliates have experienced financial difficulties in the latest year or during the current year up to the date of publication of the annual report, how said difficulties will affect the company's financial situation: None.

VII. Review and analysis of the Company's financial position and financial performance, and risks

1. Financial position

Unit: NTD thousands

Year / Item	2022	2023	Variance percentage	
			Amount	%
Current assets	6,388,148	6,815,114	426,966	6.68
Non-current assets	2,369,631	2,083,844	-285,787	-12.06
Total assets	8,757,779	8,898,958	141,179	1.61
Current liabilities	4,806,842	5,014,234	207,392	4.31
Non-current liabilities	334,299	321,596	-12,703	-3.80
Total liabilities	5,141,141	5,335,830	194,689	3.79
Share capital	1,598,993	1,598,993	0	0
Capital surplus	418,929	418,929	0	0
Retained earnings	1,642,683	1,615,241	-27,442	-1.67
Other equity	-43,967	-70,035	-26,068	59.29
Total shareholders' equity	3,616,638	3,563,128	-53,510	-1.48

Explanation of significant difference:

(1) The decrease in other equity compared to the previous year was mainly due to the increase in the negative foreign exchange differences arising from translation of foreign operations.

2. Financial performance

Unit: NTD thousands

Item \ Year	2022	2023	Increase (Decrease)	Percentage change %
Net operating revenue	6,954,943	5,950,962	-1,003,981	-14.44
Operating cost	6,444,508	5,370,160	-1,074,348	-16.67
Gross profit	510,435	580,802	70,367	13.79
Operating expenses	653,137	650,848	-2,289	-0.35
Operating income	-142,702	-70,046	72,656	-50.91
Non-operating income and expenses	176,482	149,340	-27,142	-15.38
Net income before tax	33,780	79,294	45,514	134.74
Less: tax expenses	-1,094	24,987	26,081	-2,384.00
Net Income after tax	34,874	54,307	19,433	55.72

(1) Explanation of significant difference

1. Operating net loss: The net loss decreased from the preceding year primarily due to the decrease in operating cost.
2. Income tax expense: The expense increased from the preceding year primarily due to the increase in net profit before tax.
3. Net profit before tax and after tax: The net profit increased from the preceding year primarily due to the decrease in operating cost.

(2) The company's expected sales volume, basis thereof, possible impact upon the company's financial and business affairs, and how the company plans to respond

According to the International Monetary Fund (IMF), the global economy will maintain a steady pace of growth in 2024. However, the expansion of conflicts in the Middle East may reignite the inflation crisis, and the postponed interest rate cut reduction may have a negative impact on global economic growth. This, in turn, may trigger impacts that reduce consumer purchases. Due to such matters, the Company shall carefully respond to the industrial environment in the year.

3. Cash flow

(1) Analysis of changes in cash flow for the latest year

Unit: NTD thousands

Cash balance as of the beginning of the period (1)	Net cash flows generated from operating activities for the year (2)	Net cash flows generated from investing activities and financing activities for the year (3)	Cash balance as of the ending of the period (4) = (1)+(2)+(3)	Remedial measures for cash deficit	
				Investing plan	Financing plan
3,698,350	96,895	57,919	3,853,164	—	—

1. Net cash inflows generated by operating activities: The cash flows were mainly generated from operating revenue.
2. Net cash flows used in investing activities: The cash flows were mainly used to purchase machines.
3. Net cash flows used in financing activities: The cash outflows were mainly used to the increase of bank loans.

(2) Improvement plan for liquidity shortage: Bank loans are taken to address liquidity shortage.

(3) Cash flow analysis for the coming year

Unit: NTD thousands

Cash balance as of the beginning of the period (1)	Net cash flows generated from operating activities for the year (2)	Net cash flows generated from investing activities and financing activities for the year (3)	Cash balance as of the ending of the period (4) = (1)+(2)+(3)	Remedial measures for cash deficit	
				Investing plan	Financing plan
3,853,164	92,043	-256,820	3,504,301	—	—

The Group’s estimated cash flows for 2024 are mainly operating revenue, regular purchase of materials, payment of various expenses and other operating expenditures, repayment of loans and payment of cash dividends.

4. Effect upon financial operations of any major capital expenditures during the latest year: None.

5. Investment policy for the latest year, the main reasons for the profits/losses generated thereby, the plan for improving investment profitability, and investment plans for the coming year

Unit: NT$ thousands

Item \ Description	Invested amount	Investment policy	Main reasons for gain or loss	Improvement Plans	Investment plan for the coming year
APCB International Co., Ltd.	2,711,150	Investment in overseas companies through investee subsidiaries	Profit from investment	None	None
U-PEAK Ltd.	98,093	Trading business through investee subsidiaries	Profit from investment	None	None
RED NOBLE Ltd.	9,390	Trading business through investee subsidiaries	Loss from investment	None	None
APCB Investment Co., Ltd.	87,000	Investment business	Operating expenses	None	None
I TZU Investment Co., Ltd.	87,000	Investment business	Operating expenses	None	None

6. Risk analysis and evaluation

(1) Impact upon the Company's profit/loss of inflation and changes in interest and exchange rates, and the measures the Company plans to adopt in response during the latest period and up to the publication date of this annual report

1. Interest rate change

Changes in interest rates affect the Group's cost of borrowings and interest expense in the future. A 1% increase in market interest rates, with all other variables held constant, can reduce the Group's net income before income tax by NT$37,857 thousand.

Response measures:

In addition to negotiating with banks for the optimal borrowing rate, the Group will increase its financing sources in accordance with its operating conditions and capital requirements in order to reduce the cost of capital and the risk of interest rate changes.

Interest income/expenses for the last two years

Unit: NTD thousands

Item \ Year	2022	2023
Net interest income/expenses	-57,295	-6,799
Net interest income/expense to net revenue ratio	-0.82%	-0.11%
Net interest income/expenseto net income (loss) before tax ratio	-169.61%	-8.57%
Interest rate range of short-term loans	1.10%～6.80%	1.74%～7.22%

2. Exchange rate change

The Group's exchange rate risk is mainly caused by exchange gains or losses arising from the translation of cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables denominated in foreign currencies. If NTD, CNY and THB to USD appreciate by 1%, with all other factors held constant, the Group's net income before tax will decrease by NTD29,073 thousand.

Response measures:

In order to effectively respond to exchange rate fluctuations, the Group has strengthened its foreign exchange risk hedging measures, controlled exchange rate fluctuations, and kept informed of the timing of exchange rates. In addition to using forward contracts to hedge some of the risk, the Company selects optimal swap points to reduce the risk of exchange rate fluctuations.

Exchange gain/loss for the last two years

Unit: NTD thousands

Year / Item	2022	2023
Net exchange gain/loss	185,132	52,942
Net exchange gain/loss to net operating revenue ratio	2.66%	0.89%
Net exchange gain/loss to net income (loss) before tax ratio	548.05%	66.77%

3. Inflation

Taking the NT$3,338,358 thousand of raw materials and commodities purchased by the Group in 2023 as an example, if inflation rate increases by 1%, with all other factors remaining constant, the Group's net income before tax will be reduced by NT$33,384 thousand.

Response measures:

In addition to maintaining good relationships with suppliers, the Company also stays abreast of market price fluctuations. Through market transfer and process improvement, operating costs are controlled by the Company.

(2) Transaction policies and main reasons for the profits/losses generated from high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives during the latest period and up to the publication date of this annual report; and response measures to be taken in the future

Item	Transaction policies	Main reasons for the profits/ losses	Response measures to be taken in the future	Ending balance, March 2024 thousand)
High-risk investments and highly leveraged investments	The Company does not engage in these types of transactions	—	The Company does not engage in these types of transactions	—
Loans to other parties	The loans are for short-term financing	Interest income	The Company shall control the transactions in accordance with the law.	1,430,080

Endorsements/ guarantees	The endorsements/guarantees are for loans	—	The Company shall control the transactions in accordance with the law.	2,295,920
Derivatives	The derivatives are for exchange rate hedging	Exchange rate trend	The response measures shall depend on the trend of exchange rate and the amount of foreign currency.	0

(3) Future research and development projects, and expenditures expected in connection therewith during the latest period and up to the publication date of this annual report

Plans in the latest year	Current progress	Estimated expenditure on research and development	Mass production date	Benefits of R&D
Development of substrates for automobiles	Sample introduction	An estimate of NT$3 million	December 2022	The R&D enables the Company to grasp the design technology and market trend, thus enhancing the process capability.
High-speed optical cable module product development	Sample introduction	An estimate of NT$3 million	December 2023	The R&D enables the Company to grasp the design technology and market trend, thus enhancing the process capability.
Development of board with a cooling lead	Initial technical evaluation and planning	An estimate of NT$5 million	December 2024	The R&D enables the Company to grasp the design technology and market trend, thus enhancing the process capability.
Power IC copper substrates with a cooling lead	Initial technical evaluation and planning	An estimate of NT$5 million	December 2024	The R&D enables the Company to grasp the design technology and market trend, thus enhancing the process capability.

(4) Impact upon the Company's profit/loss of inflation and changes in interest and exchange rates, and the measures the Company plans to adopt in response during the latest period and up to the publication date of this annual report

1. GHG inventory and assurance

According to the regulations of the Financial Supervisory Commission, to strengthen the disclosure of climate information, TWSE/TPEx-listed companies whose paid-in capital is less than NT$5 billion shall disclose their carbon reduction targets, strategies and concrete action plans starting from 2027.

<u>Response measures:</u>

The Company has been conducting annual GHG inventory since 2016, and passed the TUV ISO 14064-1: 2018 GHG emission verification.

2. "Corporate Governance 3.0 – Sustainable Development Roadmap" launched by the Financial Supervisory Commission

(1) Promoting timeliness of financial information disclosure: Effective from 2024, all TWSE/TPEx listed companies shall disclose their financial information of the previous year within 75 days after the end of the year in order to further enhance the transparency of information disclosure.

(2) Considering that international investors and the industry chain are paying more and more attention to environmental, social and governance (ESG)-related issues, it is necessary to remind enterprises to value ESG-related issues and provide investors with useful ESG information for decision-making. Therefore, listed companies with a paid-in capital of NT$2 billion or above are required to prepare and file their sustainability reports starting in 2024.

<u>Response measures:</u>

In order to cooperate with the Financial Supervisory Commission to promote corporate governance, the Company has been planning pursuant to requirements of the law.

(5) Impact on the Company's financial operations of developments in science and technology and industry, and the measures the Company plans to adopt in response during the latest period and up to the publication date of this annual report

The ever-changing nature of technological products shorten the life cycles of products. In addition to invest in the research and development of equipment and technology constantly, the Company will also need to allocate its personnel and resources more efficiently for internal control management and capital deployment so as to follow the market needs and development trend.

(6) Impact of changes in the Company's image upon its crisis management, and the measures the Company plans to adopt in response during the latest period and up to the publication date of this annual report

Over the years, the Company has been following the laws and regulations and continued to strengthen its internal controls. Moreover, the Company's focus and efforts in business have benefited its operation management, thereby maintaining a good corporate image. To date, no incidents that could affect the corporate image have occurred.

(7) Expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response during the latest period and up to the publication date of this annual report: None.

(8) Expected benefits and potential risks of any plant expansion, and measures to be adopted in response during the latest period and up to the publication date of this annual report: None.

(9) Risks associated with any consolidation of sales or purchasing operations, and measures to be adopted in response during the latest period and up to the publication date of this annual report

The sales of the Group's largest customer accounted for 16.84% of the net sales, and there was no concentration of sales. In addition, the purchase from the largest supplier accounted for 16.63% of the net purchase, and there was no concentration of purchase either.

(10) Effect upon and risk to the Company if a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a ten percent stake in the Company has been transferred or has otherwise changed hands, and measures to be adopted in response during the latest period and up to the publication date of this annual report: None.

(11) Effect upon and risk to the Company associated with any change in governance personnel or top management, and measures to be adopted in response during the latest period and up to the publication date of this annual report: None.

(12) Effect upon and risk to the company associated with any change in governance personnel or top management, and measures to be adopted in response during the latest period and up to the publication date of this annual report: None.

(13) Other important risks and measures to be adopted in response during the latest period and up to the publication date of this annual report: None.

7. Organizational structure of risk management

(1) Implementation of risk management

Establishing and implementing an internal control system, the Company has strengthened its corporate risk management, including risk detection, assessment, reporting and handling, in a prudent manner pursuant to laws and regulations. Through the organized risk control system, the risk factors are expected to be reduced by the Company's effective management. The Company's risk control can be divided into three levels:

Level 1: Responsible units or performers shall be accountable for identification, assessment, control, consideration, and design to prevent risks in their operations in the first place.

Level 2: In addition to feasibility assessment, the meetings led by the general manager also involve risk assessment, countermeasures and coordination for interdepartmental communication.

Level 3: Regarding the board of directors' resolutions and audits conducted by the audit division, annual internal audit plans are prepared for each operation's existing or potential risks to ensure the effectiveness of risk management.

(2) Risk management framework

<table>
<tr><th>Major risk item</th><th>Responsible units for risk management (level 1)</th><th>Risk review mechanism (level 2)</th><th>Decision-making and supervision (level 3)</th></tr>
<tr><td>1. Changes in interest rates and exchange rates, and derivative transactions</td><td>Finance Division</td><td>Operational Meeting</td><td rowspan="8">Board of Directors:
The Board of Directors is the highest decision making authority for risk responses and management

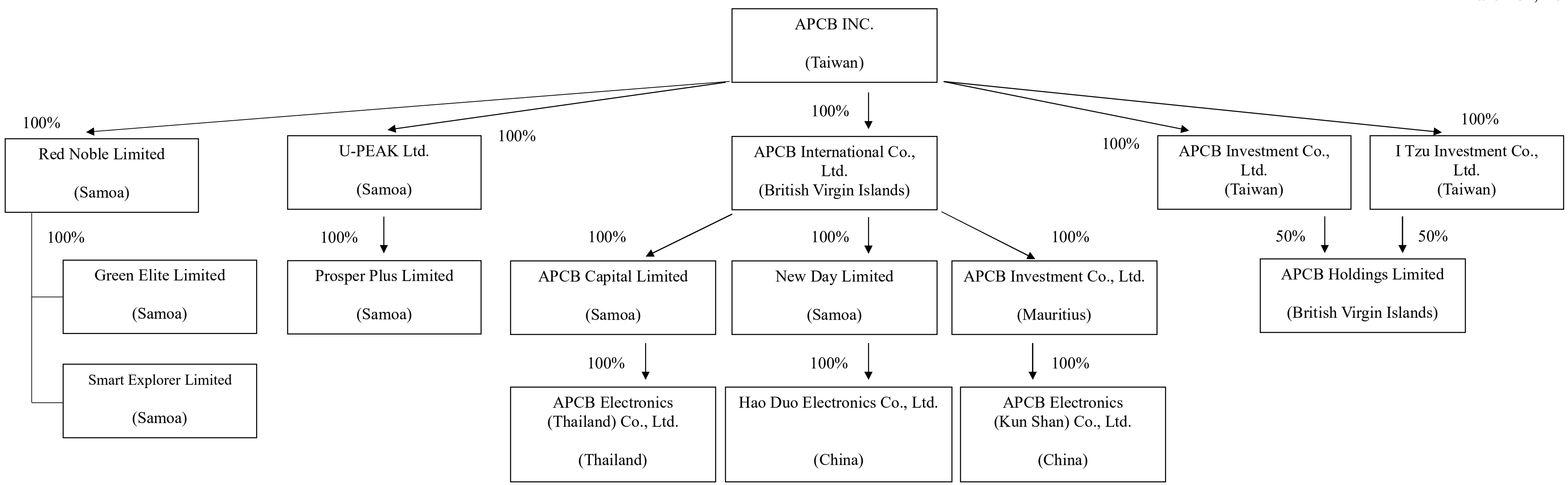
Audit Division:
The Audit Division is responsible for the monitoring and tracking of risk matters.</td></tr>
<tr><td>2. Loans to other parties and endorsements/guarantees</td><td>Finance Division</td><td>Board of Directors</td></tr>
<tr><td>3. Financial reports and disclosures</td><td>Finance Division</td><td>Operational Meeting</td></tr>
<tr><td>4. Implementation of investment or merger and acquisition</td><td>Finance Division</td><td>Operational Meeting</td></tr>
<tr><td>5. Research and development projects</td><td>Research and Development Department and Engineering Department</td><td>Project Meeting</td></tr>
<tr><td>6. Changes in industry</td><td>Operating Division and Manufacturing Division</td><td>Production and Sales Meeting</td></tr>
<tr><td>7. Purchase or sales</td><td>Operating Division and Logistic Department</td><td>Production and Sales Meeting</td></tr>
<tr><td>8. Information Security Management</td><td>IT Department</td><td>Management Meeting</td></tr>
</table>

Major risk item	Responsible units for risk management (level 1)	Risk review mechanism (level 2)	Decision-making and supervision (level 3)
9. Litigation or non-litigation cases	Finance Division and Administration Department	Operational Meeting	
10. Behavior and regulatory compliance	Administration Department and all the departments	Award and Punishment Committee	
11. Changes in shareholding of insiders	Section of Stock Affairs	Board of Directors	
12. Board of Directors meeting management	Finance Division	Board of Directors	

8. Other important matters: none.

(1) Organization chart of affiliates

March 31, 2024



Note: According to Thai law, there must be at least three shareholders to form a company. To meet the requirements of local laws and regulations, both of Red Noble Limited and Smart Explorer Limited holds one share of APCB Electronics (Thailand) Co., Ltd.

(2) Basic Information on Affiliates

As of March 31, 2024

Name of company	Date of incorporation	Address	Paid-in capital	Main business and products
APCB INTERNATIONAL CO., LTD.	October 4, 2001	Palm Grove House,P.O.Box 438,Road Town,Tortola,B.V.I.	USD 88,202 thousand	Investment business
APCB INVESTMENT CO., LTD.	May 7, 2004	3rd Floor,Standard Chartered Tower,19 Cybercity,Ebene,Republic of Mauritius	USD 26,675 thousand	Investment business
APCB Electronics (Kun Shan) Co., Ltd.	February 7, 2006	No.1818 Jin-Sha-Jiang North Road, Economic Technical Development Zone, KunShan City	USD 25,500 thousand	Printed circuit board manufacturing and trading
NEW DAY LIMITED	December 22, 2008	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD 210 thousand	Investment business
Kunshan Gao Duo Electronics Co., Ltd.	November 20, 2009	No. 179 Gangpu East Road, Zhangpu Town, KunShan City	USD 210 thousand	Printed circuit board trading
APCB CAPITAL LIMITED	July 1, 2010	Maystar Chambers,P.O.Box 3269,Apia,Samoa	USD 92,485 thousand	Investment business
APCB Electronics (Thailand) Co., Ltd.	August 4, 2010	Bangpa-in Industrial Estate,139/2 Moo 2 Udomsorayuth Rd.,T.Klongjig, Amphur Bangpa-in,Ayutthaya 13160,THAILAND	USD 92,390 thousand	Printed circuit board manufacturing and trading
U-PEAK LTD.	February 2, 2001	Maystar Chambers,P.O.Box 3269,Apia,Samoa	USD 3,150 thousand	Investment business
PROSPER PLUS LIMITED	March 9, 2011	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD 1,000 thousand	Trading business
APCB Investment Co., Ltd.	December 19, 2006	No. 3, Aly. 10, Ln. 120, Qizhi St., Shulin Dist., New Taipei City	NTD 87,000 thousand	Investment business
I Tzu Investment Co., Ltd.	August 27, 2007	No. 3, Aly. 10, Ln. 120, Qizhi St., Shulin Dist., New Taipei City	NTD 87,000 thousand	Investment business
APCB HOLDINGS LIMITED	September 3, 2007	Palm Grove House,P.O.Box 438,Road Town,Tortola,B.V.I.	USD 4,800 thousand	Investment business
RED NOBLE LIMITED	March 12, 2018	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD 300 thousand	Investment business
GREEN ELITE LIMITED	July 10, 2018	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD 100 thousand	Trading business
SMART EXPLORER LIMITED	July 10, 2018	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road, Apia,Samoa	USD 100 thousand	Trading business

(3) For those presumed to have a relationship of control and subordination, the common shareholders' information: None.

(4) Industries covered by the business operated by the affiliates overall: Manufacturing, investment and trading business

(5) Information on directors, supervisors, and general manager of each affiliate

As of March 31, 2024

Name of company	Title	Name or representative	Shareholding	
			Shares	Shareholding ratio
APCB INTERNATIONAL CO., LTD.	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB Inc.)	USD 88,202 thousand of capital	100%
APCB INVESTMENT CO., LTD.	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB International Co., Ltd.)	USD 26,675 thousand of capital	100%
APCB Electronics (Kun Shan) Co., Ltd.	Director General Manager	Tsao, Yueh-Hsia, Lai, Chin-Tsai and Chuang, Chih-Cheng (representative of the judicial person, namely APCB Investment Co., Ltd.) Chuang, Chih-Cheng	USD 25,500 thousand of capital	100%
NEW DAY LIMITED	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB International Co., Ltd.)	USD 210 thousand of capital	100%
Kunshan Gao Duo Electronics Co., Ltd.	Director	Lai, Yung-Jen (representative of the judicial person, namely New Day Limited)	USD 210 thousand of capital	100%
APCB CAPITAL LIMITED	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB International Co., Ltd.)	USD 92,485 thousand of capital	100%
APCB Electronics (Thailand) Co., Ltd.	Director General Manager	Tsao, Yueh-Hsia, Lai, Chin-Tsai and Chung, Tai-Tsang (representatives of the judicial person, namely APCB Capital Limited) Chung, Tai-Tsang	USD 92,390 thousand of capital	100%
U-PEAK LTD.	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB Inc.)	USD 3,150 thousand of capital	100%
PROSPER PLUS LIMITED	Director	Tai, Shui-Chuan (representative of the judicial person, namely U-PEAK Ltd.)	USD 1,000 thousand of capital	100%
APCB Investment Co., Ltd.	Director	Tsao, Yueh-Hsia, Lai, Chin-Tsai (representatives of the judicial person, namely APCB Inc.)	8,700,000 common shares	100%
I Tzu Investment Co., Ltd.	Director	Tsao, Yueh-Hsia, Lai, Chin-Tsai (representatives of the judicial person, namely APCB Inc.)	8,700,000 common shares	100%
APCB HOLDINGS LIMITED	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB Investment Co., Ltd.)	USD 4,800 thousand of capital	100%
RED NOBLE LIMITED	Director	Tsao, Yueh-Hsia (representative of the judicial person, namely APCB Inc.)	USD 300 thousand of capital	100%
GREEN ELITE LIMITED	Director	Tai, Shui-Chuan (representative of the judicial person, namely Red Noble Limited)	USD 100 thousand of capital	100%
SMART EXPLORER LIMITED	Director	Tai, Shui-Chuan (representative of the judicial person, namely Red Noble Limited)	USD 100 thousand of capital	100%

(6) Business overview of affiliates

Unit: NTD thousand

Name of company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Net profit or loss of the period (after tax)	Earnings per share ($) (after tax)
APCB Inc.	1,598,993	6,092,138	2,529,010	3,563,128	1,280,685	-147,951	54,307	0.34
APCB INTERNATIONAL CO., LTD.	2,708,233	1,923,001	835,176	1,087,825	0	0	88,623	Note 3
APCB INVESTMENT CO., LTD.	819,056	1,797,682	0	1,797,682	0	0	211,777	Note 3
APCB Electronics (Kun Shan) Co., Ltd.	859,331	3,987,052	2,201,927	1,785,125	3,581,068	161,701	211,468	Note 3
NEW DAY LIMITED	6,448	59,553	0	59,553	0	0	8,875	Note 3
Kunshan Gao Duo Electronics Co., Ltd.	6,167	117,191	57,638	59,553	168,306	5,425	8,865	Note 3
APCB CAPITAL LIMITED	2,839,752	51,862	0	51,862	0	-53	-132,196	Note 3
APCB Electronics (Thailand) Co., Ltd.	3,068,756	1,420,551	1,371,191	49,360	1,412,799	-123,198	-134,290	Note 3
U-PEAK LTD.	96,721	1,751,145	0	1,751,145	0	-53	22,318	Note 3
MAXFIRST LIMITED	30,705	163,884	0	163,884	0	-43	74	Note 3
PROSPER PLUS LIMITED	87,000	150,633	13,999	136,634	0	-190	-208	Note 3
APCB Investment Co., Ltd.	87,000	148,609	13,919	134,690	0	-174	-172	-0.02
I Tzu Investment Co., Ltd.	147,384	294,499	0	294,499	0	0	0	-0.02
APCB HOLDINGS LIMITED	9,212	83,824	0	83,824	0	-36	-30,782	Note 3
RED NOBLE LIMITED	3,071	38,768	0	38,768	0	-47	38	Note 3
GREEN ELITE LIMITED	3,071	141,151	99,052	42,099	243,339	-20,363	-30,814	Note 3
SMART EXPLORER LIMITED	1,598,993	6,092,138	2,529,010	3,563,128	1,280,685	-147,951	54,307	Note 3

Note1: If an affiliate is a foreign company, the relevant figures should be presented in New Taiwan dollars using the exchange rate as of the reporting date. The USD/NTD exchange rate was 1:30.705 and the CNY/NTD exchange rate was 1:4.327.

Note 2: Cut-off date for information: December 31, 2023

Note 3: These companies are limited companies.

(7) Consolidated financial statements of affiliates

Declaration

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023) under the "Criteria Governing 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 IFRS 10, endorsed by the Financial Supervisory Commission. Besides this, the information required to be disclosed in the consolidated financial statements of the affiliates is fully included in the consolidated financial statements. Hence, the Company does not prepare a separate set of consolidated financial statements of the affiliates.

Sincerely,

Name of Company: APCB INC.

Chairperson: Tsao, Yueh-Hsia

Date: March 8, 2024

(8) Report on affiliated companies: None

2. Private placement of securities during the latest year or during the current year up to the date of publication of the annual report: None.

3. Holding or disposal of shares in the Company by the subsidiaries during the latest year or during the current year up to the date of publication of the annual report: None.

4. Other matters that require additional description: None.

5. Any of the situations listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, occurred during the latest year or during the current year up to the date of publication of the annual report: None.

APCB INC.

Chairperson: Tsao, Yueh-Hsia