NO: 2313

2023 ANNUAL REPORT

COMPEQ MANUFACTURING CO., LTD.

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Compeq does not assure the accuracy of this translated document. Readers wishing to view the official audited version of Compeq's financial reports can obtain a copy of the Compeq Annual Report (Mandarin version) on the Compeq Corporation website(www.compeq.com.tw).

Contents

VI. Financial Information

VII. Review of Financial Conditions, Operating Results, and Risk Management

VIII. Special Disclosure

I. Letter to Our Shareholders

Dear Shareholders:

In 2023, global inflation, the impact of interest rate hikes, layoffs in the technology industry, and sluggish demand in consumer electronics market. According to the IMF statistics, the global GDP in 2023 was 3.1%. According to the Prismark statistics, the overall PCB industry decline 15.0% from 2022.

The Company's operating revenue for 2023 was NT$67.08 billion, decline 12.2% from the NT$76.42 billion in 2022. The net profit for 2023 was NT$ 4.2 billion, decline NT$3.83 billion from the net profit of NT$8.0 billion in 2022. In response to the 5G high-frequency、satellite communication and high-speed product applications, the customer's product specifications will be higher in the future. The Company aims to establish a competitive management model based on a sound structure with great product quality and infrastructure.

In 2024, U.S. Fed hikes interest rates to curb inflation, and U.S. protectionism, the global economic climate is uncertain. The company takes the prevention of epidemics as the first priority to ensure the health of employees and the resumption of work with local governments. Attitudes to respond to market changes in 2024 and maintain conservative and steady investment.

In the future, the Company will continue to engage in environmental protection in order to achieve the goal of exceeding the requirements of government regulations. The Company will also implement corporate social responsibility and value labor interests in order to achieve the expectations of shareholders, customers and the government, as well as moving towards sustainable development.

1.1 2023 Operating Report

1.1.1 Operating Report

A. Consolidated Statements of Comprehensive Income

Compare to 2022, our 2023 profit reached NT$ 4.2 billion; Our 2023 EPS was NT$ 3.50 about NT$ 3.21 less. (see in Table 1).

Table 1. 2023 Comprehensive income summary

Description (Hundred million of NTD)	2023	2022	Variation Rate
Operating Revenues	670.8	764.2	-12%
Profit from continuing operations before tax	52.7	101.4	-48.7
Profit	41.7	80	-38.3
Earnings per share	3.50	6.71	-3.21

B. The Implementation Statements of Budget

Our major products are PCB and SMT assemblyservice. We have PCB manufacturing sites on Taiwan (Luchu、Tayuan) and China (Huizhou, including FPC、Chongqing). Total PCB sales was 32 million square feet. The SMT manufacturing sitesare locatedon China (Suzhou and Huizhou), actual sales was 330 million units.

C. Technology Development

Our long-term development is to be the leading high-end PCB manufacturer. Our major enhance the ability and quality of research and development, and strengthen the industry and suppliers of informationcollection. We will continue to devote on new process development technologies, such as satellite communication 、 AI server and data center products、Optical communication、High-frequency high-speed materials、smart factory、production environment safety improvement, automation improvement, waste reduction and emissions improvement...etc.

1.2 The Outlines for 2024 Business Plan

1.2.1 Operating Guidelines

A. Improve the factory constitution, implement refined manufacturing management, improve product quality and enhance the quality awareness of all employees. The quality of shipments can meet customer needs and achieve competitive yield levels.

B. Continuous VE, continuous improvement (CIP), and continuous technology development in the operation management system will establish a competitive operating system to make products in all fields of the enterprise more competitive.

C. Actively develop the business of satellite communications, AI server, data center, optical communications, automotive and other related products.

D. Continue to accomplish our social responsibility and commitments to government, customers, share holders, and employee. Keep on environmental protection, respect human rights, and improve our employee’s quality of life to become an everlasting green enterprise.

1.2.2 Sale Volume Projection

Our company's main products are circuit boards and SMT.

A. The circuit board manufacturing bases are Luzhu and Dayuan in Taoyuan, as well as manufacturing bases in Huizhou and Fuling in China. Manufacturing in the Thailand factory is expected to be added in the fourth quarter of this year.

B. SMT manufacturing bases are Suzhou, Huizhou in China.

1.2.3 The future strategic in product

A. Rigid board products: We are actively seeking orders related to satellite communications, AI servers, data centers, optical communications, and vehicles.

B. FPC board and Rigid-flex board products: Due to the poor market conditions, we mainly focus on improving the factory's health and improving competitiveness, accepting orders suitable for the factory, maintaining relationships with customers, and maintaining the stable operation of the factory.

C. SMT products: In addition to continuing to develop niche products, we will improve the competitiveness of the factory in selected market products so that the factory can operate stably

Chairman& President

P. K. Chiang

II. Company Overview

2.1 Introduction

Established at Taoyuan Lu-Chu village in August 1973, Compeq Manufacturing Co., Ltd. was the first specialized printed-circuit board (PCB) manufacturing company in Taiwan to support the government's policy in developing the high-tech industry. Beginning with producing single-sided and doubled-sided printed circuit boards, and progressing by persistent dedication to technology research and development, Compeq then started mass production of 6-layer printed circuit boards for computers in 1983, leading Taiwan PCB industry into the new stage for multi-layer board production.

Since the foundation, Compeq has been focusing on PCB industry as our core business. Under the trend of globalization, Compeq later established the Utah plant, Compeq International Corp., in the United States in 1989 to approach the center of the world's primary electronics consumer market, bridging Compeq to the world's latest product trend and enabling Compeq to provide direct local services to North American customers. Subsequently, Mainland China sharply raised her economy strength and became the hot spot for global manufacturer's production logistics, the China Huizhou site was established in 1996, after the government began to allow investment in China, in order to strengthen Compeq's overall global coverage, satisfy customers' demand and access the advantages of manufacturing cost savings and potential local markets. To meet the production condition requirement for advanced high precision products, Compeq set up an advanced plant with class 1000 clean room in the Tayuan industrial park, Taiwan in 1998 as the development and production base. Furthermore, Compeq set up Compeq Technology (Huizhou) Co. Ltd., and Compeq Manufacturing (Suzhou) Co. Ltd., in 2004, supplying flex PCB and small quantity part assembly services to provide total solution for our clients.

Moreover, to successfully capture the market opportunities and fulfill consumers' needs under the rapid diversification of electronics products and advancement of technologies, Compeq accordingly adjusted the product matrix and operation strategies. Currently, the appliances for Compeq's PCB include computer (notebook, server and peripheral, etc.), telecommunication (cellular phone, base station, etc.), network (switch, router, storage device, etc.) and consumer electronics (PDA, LCD, Game Console, DSC, etc.) products. In the meantime, Compeq integrates cross-national production facilities, service offices, and enterprise supporting resource to strengthen flexibility and competitiveness for providing customer an integral service from product development to after service.

Compeq's competitiveness strength has been the leading-edge technology capability and endeavor to develop new products and advanced technologies: the company decreased the trace width/spacing to 25μm, copper fill and stack via to developed high accurate and complex HDI boards (4+N+4, 2+N+N+2, HDI+IVH, and HDI+HLC, etc.), flex PCB and rigid-flex PCB technologies to meet the trend of thin and compact electronic products; secondly, derived high-layer count products (currently up to 26 layers), high aspect ratio plating technology and low Dk/Low Df and high Tg applications to meet the high reliability requirement for high-end networking equipment and servers.

Having been a pioneer for environmental protection in PCB industry, Compeq took the initiative to invest in building a professional PCB wastewater treatment plant in 1991 and received ISO-14001 certification in 1997. Compeq also successfully developed lead-free and halogen-free applications for PCB products to meet the global standard of environmental protection and our clients' green partner. In the future, Compeq will keep our promises as a global citizen and continue sharing the responsibilities in environmental protection.

Insisting on the principle of "Highest Quality" and "Customer First", Compeq continues devoting itself to process improvement and technology development. We have received the ISO-9002, QS-9000, ISO-9001, and TS 16949 certifications, and our complete quality control system is recognized to assure our products are meeting customer standards and needs. To enhance our customer services, Compeq also established cross-national service offices in Europe, Japan, Singapore, Malaysia, the United States and Mainland China to offer on-site services to our customers. With better understanding of customers' various needs in product design, manufacturing and quality, Compeq is able to stay ahead in developing new products and becoming good partners with our customers.

Recognizing to provide a safe working environment is the company's moral and the foundation of stable operation. Compeq has received OHSAS 18001 certification in 2005, and we endeavor to enforce the safety design and working discipline at shop floor to ensure the employee safety and avoid damage to the company.

When facing the rigorous and intense global competition, not only will we continue to enhance the partnerships with our valued customers to develop cutting-edge products and capture market opportunities, but also, through planned actions and optimized management synergy, play a key role in overall industry upgrades and realize the vision to learn and grow with all electronic manufacturers around the world.

2.2 Compeq Milestones

1973	● Founded on Aug. 30, Compeq Manufacturing Co., Ltd. was the first mass production PCB (Printed Circuit Board) manufacturer in Taiwan.
1974	● Completed construction of Luchu plant. Started fabricating single-side and double-side PCBs. ● Received UL-94V-0 certification.
1982	● Became the first IBM certified PCB suppliers in Taiwan. Actively developed precise process technologies and expanded facilities for producing multi-layer PCBs.
1983	● Expanded facilities; began the mass production of 6 layer PCBs for desktop PC.
1987	● Started a joint venture with Matsushita Electric Works to establish TNPL (which had renamed as PEWEMT in 2005), a copper clad laminate factory (in Hsinchu) to secure stable source of quality materials.
1989	● Established Compeq International Corp. (Utah, USA) as the forefront to approach American market.
1990	● Initial public offering of Compeq stocks in Taiwan Stock Exchange on 24^{th}, July.
1991	● Constructed the first PCB wastewater treatment plant in Taiwan. ● Began to produce 8-layer PCBs used by notebook PC at Luchu plant.
1993	● Invested NT$1.9 million in Wei-Hua Recycled PCB Co., Ltd. ● Received ISO-9002 certification.
1995	● Established Huaton Holdings Limited (in British Virgin Islands) to invest in Mainland China indirectly.
1996	● Established Compeq Manufacturing (Huizhou) Co., Ltd. (in Guangdong, China) to expand global production allocation.
1997	● Established Pelican Cove Investment Ltd., (in British Virgin Islands) to engage in international trade affairs and investments. ● Established GMEM (in Guangdong, China), another joint venture with Matsushita for supplying quality CCL to Compeq China. ● Pioneered in applying laser drilling in producing HDI PCB, major application was micro-via technology used in high-end telecommunication, networking and cellar phone products. ● Received ISO-14001 certification.
1998	● Established Tayuan plant as a dedicated manufacturing facility for advanced PCBs. ● Annual sales revenues exceeded NT$10 billion.
1999	● Entered the telecom market by implementing HDI technology on cellular phone and base station products. ● Received QS-9000 certification.
2002	● Annual shipment of cellular phone boards exceeded 61 million pieces, stood for 15% world's overall output of cellular phone board.
2003	● Received ISO-9001 certification.
2004	● Established Compeq Manufacturing (Suzhou) Co., Ltd., which was capitalized by Huaton Holdings Limited (spun out from Compeq) to provide small quantity assembly services for customers' new product development. ● Established Compeq Technology (Huizhou) Co., Ltd., supplying flex-PCBs for existing customers.
2005	● Received OHSAS 18001 certification.
2006	● Monthly shipment of cellular phone boards reached 20 million pieces. ● Completed rigid-flex PCB development and began to mass production.

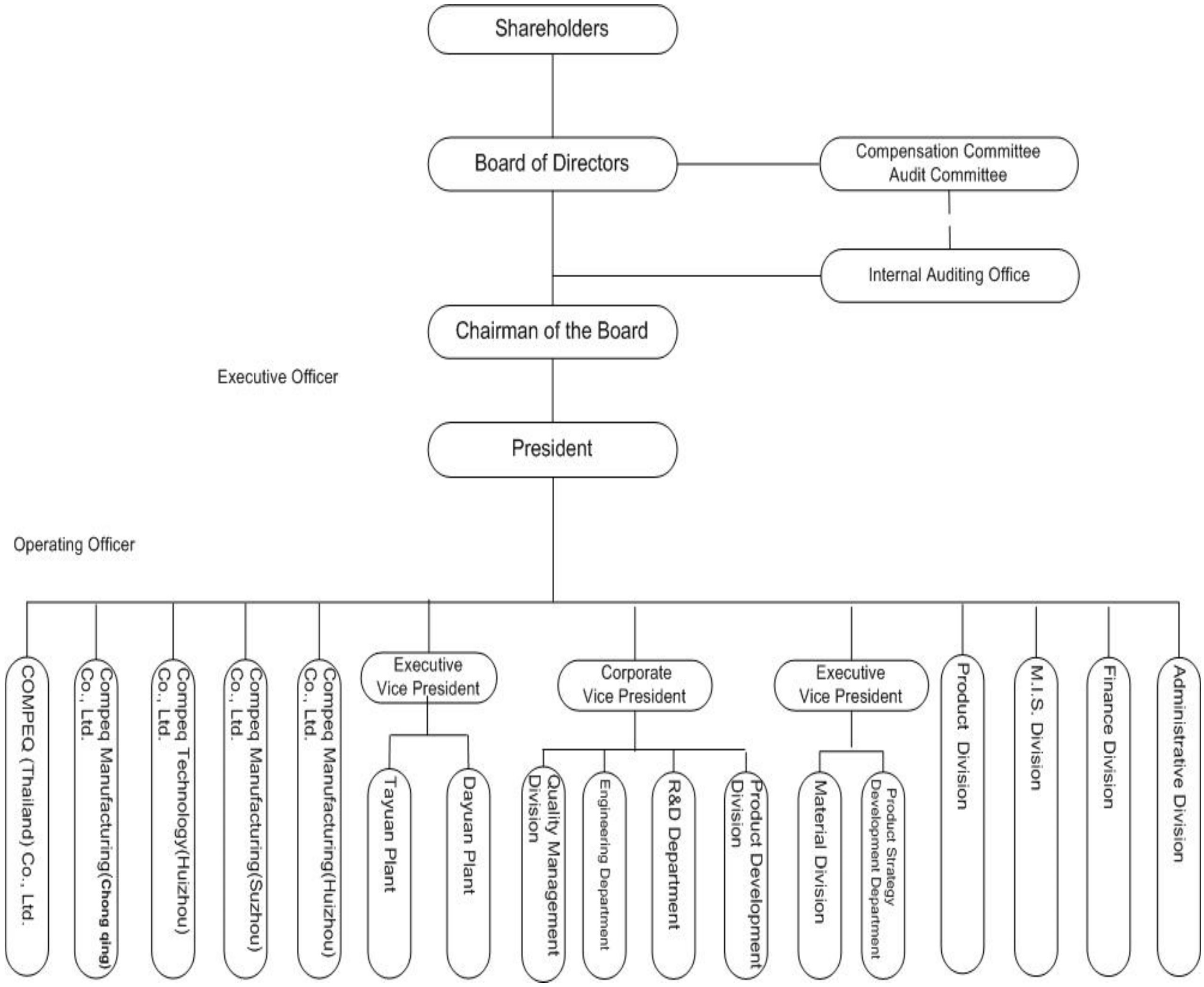
2007	● Established Liton Holdings Ltd. (in British Virgin Islands) to engage in investment logistics. ● Established Huanein Holdings Ltd. to overall arrange investment business. ● Established Vecreation Co., Ltd. (in Jiangsu, China) to engage in China trade affairs. ● Established Compeq Manufacturing (Suzhou) Service Ltd. to purchase components for customers in east China. ● Established Compeq Overseas Holdings Ltd. (in British Virgin Islands) and Max Innovation Holdings Ltd. (in British Virgin Islands) to integral overseas investment operation.
2008	● Received TS 16949 certification.
2009	● Established Hong Kong Compeq Huizhou Trading Company Ltd. (in Hong Kong) to engage in China trade affairs. ● Received IECQ QC080000 certification. ● Received OHSAS 18001:2007 certification. ● Received TOSHMS certification.
2011	● Received SA8000 certification. ● Received GRI report certification.
2013	● Established Compeq Manufacturing (Chongqing) Co., Ltd. supplying PCBs for existing customers.
2017	● The sale revenue in November exceeded NT$ 5.78 billion, made the highest record in Compeq's history
2019	● The sale revenue in 2019 was NT$ 56.175 billion, made the highest record in Compeq's history
2020	● The sale revenue in November exceeded NT$ 6.31 billion, made the highest record in Compeq's history ● The sale revenue in 2020 was NT$ 60.52 billion, made the highest record in Compeq's history
2021	● The sale revenue in December exceeded NT$ 6.91 billion, made the highest record in Compeq's history ● The sale revenue in 2021 was NT$ 63.05 billion, made the highest record in Compeq's history
2022	● The sale revenue in October exceeded NT$ 7.84 billion, made the highest record in Compeq's history ● The sale revenue in 2022 was NT$ 76.42 billion, made the highest record in Compeq's history
2023	● Established Compeq (Thailand) Co., Ltd.

(Note: Up to the annual report published date, none of the major stockholder with more than 10% shareholding, members of the board, and controllers had large quantity stock transfer. Neither the ownership nor the business model and content had major change.)

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Department	Functions
Internal Auditing Office	Auditing and offering suggestions for improving the internal control system.
M.I.S. Division	Information system analysis and planning, programming, database management, software and hardware maintenance
Administrative Division	Management of corporate image, corporate culture, human resources, general affairs, industrial relations and other logistics related operating.
Finance Division	Management of the financial, accounting, taxation, cost systems
ExecutiveVice President	To integrate and manage the products and materials within the Company.
Material Division	management of sourcing, warehousing, and material
Product Strategy Development Department	Management, coordination, and resource integration in the product development process
Vice President	To integrate and manage the technology, equipment, process, and products within the company.
Product Development Division	Product and process development
R&D Department	New product, new process design
Engineering Department	Planning, management, and integration of company plants, equipment, environmental protection, public facilities
Quality Management Division	Planning of quality control systems
Executive Vice President	To establish and implement sales and production strategies; to coordinate and integrate product sales and production; to cultivate markets in Northeast Asia and China; and to cultivate and provide after-sales services for FPC and RFPC customers.
Sales III Division	Customer development and after-sales service in the Americas and Southeast Asia
Sales I Division	Customer development and after-sales service in Europe
Vice President	Production management of plants in Taiwan
Dayuan Plant	Manufacturing of high-end PCB
Tayuan Plant	Manufacturing of high-end PCB
Compeq Manufacturing(Huizhou)Co., Ltd.	Manufacturing of PCB in China
Compeq Manufacturing(Suzhou) Co., Ltd.	Manufacturing of SMT
Compeq Technology (Huizhou) Co., Ltd.,	Manufacturing of FPC
Compeq Manufacturing(Chong qing) Co., Ltd.	Manufacturing of PCB in China
COMPEQ (Thailand) Co., Ltd.	Manufacturing of PCB in Thailand

3.2 Directors, Supervisors and Management Team

3.2.1 Board of Directors

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
							Shares	%	Shares	%	Shares	%	Shares	%
Chairman of the Board	R.O.C.	P.K. Chiang	Male 61-70	2023.6.15	3	2014.6.12	800,450	0.07	800,450	0.07	0	0.00	0	0
Director	R.O.C.	K.S. Peng	Male 71-80	2023.6.15	3	2002.5.24	8,365,186	0.70	8,365,186	0.70	6,959,113	0.58	0	0
Director	NA	Chang-Zhi Investment Co., Ltd.	NA	2023.6.15	3	2008.6.13	16,885,000	1.42	16,885,000	1.42	0	0.00	0	0
	R.O.C.	Representative: Charles C.Wu	Male 81-90	2023.6.15	3	1996.5.17	27,195,218	2.28	27,195,218	2.28	19,600,998	1.64	0	0
Director	NA	Chang-Zhi Investment Co., Ltd.	NA	2023.6.15	3	2008.6.13	16,885,000	1.42	16,885,000	1.42	0	0.00	0	0
	R.O.C.	Representative: Victor Lu	Male 61-70	2023.6.15	3	2023.6.15	18,729	0.00	18,729	0.00	0	0	0	0
Director	NA	Positive Bo Investment Co., Ltd.	NA	2023.6.15	3	2023.6.15	11,798,000	0.99	11,798,000	0.99	0	0.00	0	0
	R.O.C.	Representative: P.Y. Wu	Male 51-60	2023.6.15	3	2008.6.13	27,280,499	2.29	17,375,911	1.46	3,064,000	0.26	0	0
Director	NA	Xue Dayton Investment Co., Ltd.	NA	2023.6.15	3	2023.6.15	12,831,000	1.08	12,831,000	1.08	0	0.00	0	0
	R.O.C.	Representative: P.H. Wu	Male 51-60	2023.6.15	3	2017.6.16	27,204,857	2.28	27,204,857	2.28	9,966,100	0.84	0	0
Independent Director	R.O.C.	Tzu Kuan Chiu	Male 61-70	2023.6.15	3	2014.6.12	0	0.00	0	0.00	0	0.00	0	0
Independent Director	R.O.C.	Teng Ling Liu	Female 71-80	2023.6.15	3	2017.6.16	1,366,565	0.11	1,367,565	0.11	9,147	0.00	0	0
Independent Director	R.O.C.	Y.C. Huang	Male 61-70	2023.6.15	3	2017.6.16	28,343	0.00	28,343	0.00	47,283	0.00	0	0

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Experience（Education）</th><th rowspan="2">Selected Current Positions at Compeq and Other Companies</th><th colspan="3">Directors or Management who are spouses or within Two Degrees of Kinship</th><th rowspan="2">Remarks</th></tr>
<tr><th>Title</th><th>Name</th><th>Relation</th></tr>
<tr><td>Chairman of the Board</td><td>P.K. Chiang</td><td>●Bachelor's Degree of Chemical and Materials Engineering, Tamkang University
●President of COMPEQ Manufacturing Co., Ltd.</td><td>●CEO and President of COMPEQ Manufacturing Co., Ltd.
●Director of Huaton Holdings Limited
●Director of Pelican Cove Investment Ltd.
●Chairman of Compeq Manufacturing (Huizhou) Co., Ltd.
●Chairman of Compeq Manufacturing (Chongging) Co., Ltd.
●Director of Compeq Technology (Huizhou) Co., Ltd.
●Director of Hong Kong Huaton Holdings Trading Company Limited</td><td>—</td><td>—</td><td>—</td><td>Note 2</td></tr>
<tr><td>Director</td><td>K.S. Peng</td><td>●Bachelor's Degree of Business Administration, Chinese Culture University
●Director of Ming Yu Enterprises Co., Ltd.</td><td>Director of COMPEQ Manufacturing Co., Ltd.</td><td>—</td><td>—</td><td>—</td><td></td></tr>
<tr><td rowspan="3">Director</td><td>Chang-Zhi Investment Co., Ltd.</td><td>NA</td><td>NA</td><td>—</td><td>—</td><td>—</td><td></td></tr>
<tr><td rowspan="2">Representative: Charles C.Wu</td><td rowspan="2">●Bachelor's Degree of Chemical and Materials Engineering, Tunghai University
●Chairman of COMPEQ Manufacturing Co., Ltd.</td><td rowspan="2">●Chairman of Chang-Zhi Investment Co., Ltd.</td><td>Director</td><td>P.Y. Wu</td><td>Filiation</td><td></td></tr>
<tr><td>Director</td><td>P.H. Wu</td><td>Filiation</td><td></td></tr>
<tr><td rowspan="2">Director</td><td>Chang-Zhi Investment Co., Ltd.</td><td>NA</td><td>NA</td><td>—</td><td>—</td><td>—</td><td></td></tr>
<tr><td>Representative: Victor Lu</td><td>●Bachelor's Degree of Chemical and Materials Engineering, Tamkang University
●President of COMPEQ Manufacturing Co., Ltd.</td><td>●Executive Vice President of COMPEQ Manufacturing Co., Ltd.
●Director of Huaton Holdings Limited
●Director of Pelican Cove Investment Ltd.
●Director of Compeq Manufacturing (Huizhou) Co., Ltd.
●Director of Compeq Technology (Huizhou) Co., Ltd.</td><td>—</td><td>—</td><td>—</td><td></td></tr>
</table>

Director	Positive Bo Investment Co., Ltd.	NA	NA	—	—	—	
	Representative: P.Y. Wu	●Master’s Degree of Electrical Engineering, State University of New York ●General Manager of Rigid-Flex Product Group, COMPEQ Manufacturing Co., Ltd.	●Vice President of COMPEQ Manufacturing Co., Ltd. ●Director of Huaton Holdings Limited ●Director of Pelican Cove Investment Ltd. ●Director of Compeq Manufacturing (Huizhou) Co., Ltd. ●Chairman of Compeq Technology (Huizhou) Co., Ltd. ●Chairman of Compeq Manufacturing (Suzhou) Co., Ltd. ●Director of COMPEQ (Thailand) Co., Ltd. ●Director of Chang-Zhi Investment Co., Ltd. ●Chairman of Positive Bo Investment Co., Ltd.	Director	Charles C.Wu	Filiation	
				Director	P.H. Wu	Sibling	
Director	Xue Dayton Investment Co., Ltd.	NA	NA	—	—	—	
	Representative: P.H. Wu	●Master’s Degree of Science, National Chiao Tung University ●Director of COMPEQ Manufacturing Co., Ltd.	●Vice President of COMPEQ Manufacturing Co., Ltd. ●Director of Huaton Holdings Limited ●Director of Pelican Cove Investment Ltd. ●Director of Compeq Manufacturing (Huizhou) Co., Ltd. ●Director of Compeq Technology (Huizhou) Co., Ltd. ●Chairman of Huanein Holeings Limited ●Supervisor of Compeq Manufacturing (Chongging) Co., Ltd. ●Supervisor of Chang-Zhi Investment Co., Ltd. ●Chairman of Xue Dayton Investment Co., Ltd.	Director	Charles C.Wu	Filiation	
				Director	P.Y. Wu	Sibling	
Independent Director	Tzu Kuan Chiu	●Ph.D, University of Pennsylvania. ●Professor, Department of Financial Finance, National Central University	●Professor, Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University ●Remuneration Committee Member. COMPEQ Manufacturing Co., Ltd. ●Audit Committee Member. COMPEQ Manufacturing Co., Ltd. ●Independent Director of Founder Fubon Fund Management Co., Ltd.	—	—	—	

Independent Director	Teng Ling Liu	●Bachelor's Degree of National Taipei University of Technology ●Vice chairman of COMPEQ Manufacturing Co., Ltd.	●Remuneration Committee Member. COMPEQ Manufacturing Co., Ltd. ●Audit Committee Member. COMPEQ Manufacturing Co., Ltd.	—	—	—	
Independent Director	Y.C. Huang	●Master’s Degree of Management, National Central University ●Vice President, Finance Division of COMPEQ Manufacturing Co., Ltd.	●Supervisor of TEAMCO INDUSTRIES CORPORATION ●Remuneration Committee Member. COMPEQ Manufacturing Co., Ltd. ●Audit Committee Member. COMPEQ Manufacturing Co., Ltd.	—	—	—	

Note 1：Current Shareholding is to the date of the annual report.

Note 2：Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving asemployees or executive officers) : The Chairman also concurrently serves as the President mainly because it is to enhance the communications and effectiveness of operational decisions, and for the accurate and quick execution. To cope with the laws and regulations for the implementation of corporate governance in the future, it is planned to add seats of independent directors for better operation of the Board of Directors’ functions, and stronger supervisory functions. Currently, the majority of directors do not concurrently serve as employees or managerial officers

Note 3：Major shareholders of the Company’s major institutional shareholders

As of 2022/12/31

Name of Institutional Shareholders	Major Shareholders
Chang-Zhi Investment Co., Ltd	Charles C. Wu (52.05%)、F.M. Peng (23.34%)、P.Y. Wu (12.94%)、P.H. Wu (11.67%)
Positive Bo Investment Co., Ltd.	P.Y. Wu (99.05%)
Xue Dayton Investment Co., Ltd.	P.H. Wu (62.86%)、Y.M. Lu(37.14%)

A. Directors' qualification and independent directors' independence condition disclosure

Criteria / Name	Professional qualification and experiences (TableA)	Independence condition(TableB)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
P.K. Chiang	Over 40 years work experience in PCB industry	NA	0
K.S. Peng	Over 40 years experience in Commerce and Management.	NA	0
Chang-Zhi Investment Co., Ltd. Representative: Charles C. Wu	Over 40 years work experience in PCB industry	NA	0
Chang-Zhi Investment Co., Ltd. Representative: Victor Lu	Over 35 years work experience in PCB industry	NA	0
Positive Bo Investment Co., Ltd. Representative: P.Y. Wu	Over 20 years work experience in PCB industry	NA	0
Xue Dayton Investment Co., Ltd. Representative: P.H. Wu	Over 20 years work experience in PCB industry	NA	0
Tzu Kuan Chiu	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University Professor, Department of Financial Finance, National Central University. Not been a person of any conditions defined in Article 30 of the Company Law.	Refer to the table B	0
Teng Ling Liu	Over 40 years Work Experience in the Areas of Management, Finance for the Business of the PCB Company Not been a person of any conditions defined in Article 30 of the Company Law.	Refer to the table B	0
Y.C. Huang	Over 40 years Work Experience in the Areas of Finance the PCB Company Supervisor of TEAMCO INDUSTRIES CORPORATION Not been a person of any conditions defined in Article 30 of the Company Law.	Refer to the table B	0

a. Diversification and independence of Board of Directors:

(a) Diversity of Directors

Our company's Board of Directors has set specific diversity policy goals: To meet the needs of our daily operations, at least 30% of all directors should have professional experience in the PCB industry. Additionally, over 30% of independent directors should possess expertise in finance, business management, operations, and risk management. Furthermore, there should be at least one female director on the board to strengthen the overall structure of our Board of Directors.

(b) Implementation of Diversity Policy

Our Board of Directors consists of nine members, with seven of them having professional experience in the PCB industry, aligning with our focus on the PCB sector for board appointments. Additionally, we have three independent directors who bring valuable expertise from national universities in finance and business management, along with practical experience in PCB operations and management. This means our board not only has core knowledge of the PCB industry but also benefits from the diverse professional backgrounds and experiences of each member. This diversity enhances our abilities in business judgment, accounting and financial analysis, management, crisis handling, and decision-making, effectively meeting our board diversity policy goals.

Implementation of Diversity Policy	Status
At least one-third of the board members possess expertise in the PCB industry or business management.	Achieved
At least one-third of the independent directors have expertise in finance, business management, operations, or risk management.	Achieved
At least one member of the board of directors must be female.	Achieved

All directors are of domestic nationality. No independent director has served more than three consecutive terms, and there is consideration for gender diversity in the planning of independent director appointments. As of the end of 2023, the board consists of 2 directors aged 51-60, 4 directors aged 61-70, 2 directors aged 71-80, and 1 director aged 81-90. All independent directors comply with the regulations set by the Financial Supervisory Commission regarding independent directors. For detailed information on each director's education, gender, professional qualifications, and work experience, please refer to the director profiles

Items / Name	Nationality	Gender	Employee of the Company	Age	Work experience in PCB industry	Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Core item			
							Accounting and Financial analysis ability	Business Management ability	Operational management ability	Risk management knowledge and ability
P.K. Chiang	ROC	Male	V	61-70	V			V	V	V
K.S. Peng	ROC	Male		71-80		V		V	V	V
Chang-Zhi Investment Co., Ltd. Representative: Charles C. Wu	ROC	Male		81-90	V			V	V	V
Chang-Zhi Investment Co., Ltd. Representative: Victor Lu	ROC	Male	V	61-70	V			V	V	V

Positive Bo Investment Co., Ltd. Representative: P.Y. Wu	ROC	Male	V	51-60	V			V	V	V
Xue Dayton Investment Co., Ltd. Representative: P.H. Wu	ROC	Male	V	51-60	V			V	V	V
Tzu Kuan Chiu	ROC	Female		61-70		V	V	V		V
Teng Ling Liu	ROC	Male		71-80	V			V	V	V
Y.C. Huang	ROC	Male		61-70	V	V	V	V		V

B. Independence of Board of Directors

We currently have 9 directors, including 3 independent directors. Please refer to the table B for the Independence of Board of Directors

(TableB)

Criteria / Name	Met One of the Following Professional Qualification Requirements with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
P.K. Chiang			✓			✓		✓	✓		✓	✓	✓	✓	✓	0
K.S. Peng			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chang-Zhi Investment Co., Ltd. Representative: Charles C. Wu			✓						✓	✓		✓		✓	✓	0
Chang-Zhi Investment Co., Ltd. Representative: Victor Lu			✓					✓	✓	✓	✓	✓	✓	✓	✓	0
Positive Bo Investment Co., Ltd. Representative: P.Y. Wu			✓						✓	✓		✓		✓	✓	0

Xue Dayton Investment Co., Ltd. Representative: P.H. Wu			✓						✓	✓		✓		✓	✓	0
Tzu Kuan Chiu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Teng Ling Liu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Y.C. Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the 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 (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws)
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding 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 any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
6. Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
7. Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
8. Not a director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
9.Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
CEO and President	R.O.C.	P.K. Chiang	Male	2012.10	800,450	0.07	0	0.00	0	0
Executive Vice President	R.O.C.	P.Y. Wu	Male	2016.01	17,375,911	1.46	3,064,000	0.26	0	0
Executive Vice President	R.O.C.	Victor Lu	Male	2022.10	18,729	0.00	0	0.00	0	0
Corporate Vice President	R.O.C.	P.H. Wu	Male	2017.03	27,204,857	2.28	9,966,100	0.84	0	0
Vice President	R.O.C.	Tony Chuang	Male	2018.06	93,334	0.00	0	0.00	0	0
Vice President	R.O.C.	Joe Jan	Male	2022.07	6	0.00	0	0.00	0	0

Title	Name	Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Relation	Relation	Relation
CEO and President	P.K. Chiang	●Bachelor's Degree of Chemical and Materials Engineering, Tamkang University ●President of COMPEQ Manufacturing Co., Ltd.	●Director of Huaton Holdings Limited ●Director of Pelican Cove Investment Ltd. ●Chairman of Compeq Manufacturing (Huizhou) Co., Ltd. ●Chairman of Compeq Manufacturing (Chongging) Co., Ltd. ●Director of Compeq Technology (Huizhou) Co., Ltd. ●Director of Hong Kong Huaton Holdings Trading Company Limited ●Director of COMPEQ (Thailand) Co., Ltd.	—	—	—
Executive Vice President	P.Y. Wu	●Master’s Degree of Electrical Engineering, State University of New York ●General Manager of Rigid-Flex Product Group, COMPEQ Manufacturing Co., Ltd.	●Director of Huaton Holdings Limited ●Director of Pelican Cove Investment Ltd. ●Director of Compeq Manufacturing (Huizhou) Co., Ltd. ●Chairman of Compeq Technology (Huizhou) Co., Ltd. ●Chairman of Compeq Manufacturing (Suzhou) Co., Ltd. ●Director of COMPEQ (Thailand) Co., Ltd. ●Director of Chang-Zhi Investment Co., Ltd.. ●Chairman of Positive Bo Investment Co., Ltd.	Corporate Vice President	P.H. Wu	Sibling

Executive Vice President	Victor Lu	●Bachelor's *Degree* of Chemical and Materials Engineering, Tamkang University ●Corporate Vice President of COMPEQ Manufacturing Co., Ltd.	●Director of Huaton Holdings Limited ●Director of Pelican Cove Investment Ltd. ●Director of Compeq Manufacturing (Huizhou) Co., Ltd. ●Director of Compeq Technology (Huizhou) Co., Ltd.	—	—	—
Corporate Vice President	P.H. Wu	●Master’s Degree of Science, National Chiao Tung University ● Director of COMPEQ Manufacturing Co., Ltd.	●Director of Huaton Holdings Limited ●Director of Pelican Cove Investment Ltd. ●Director of Compeq Manufacturing (Huizhou) Co., Ltd. ●Chairman of Compeq Technology (Huizhou) Co., Ltd. ●Chairman of Compeq Manufacturing (Suzhou) Co., Ltd. ●Director of COMPEQ (Thailand) Co., Ltd. ●Director of Chang-Zhi Investment Co., Ltd. ●Chairman of Positive Bo Investment Co., Ltd.	Executive Vice President	P.Y. Wu	Sibling
Vice President	Tony Chuang	●Bachelor's Degree of Civil Engineering Tamkang University ●Chairman of Compeq Manufacturing (Suzhou) Co., Ltd.	None	—	—	—
Vice President	Joe Jan	●Electrical Engineering, Chung Yuan Christian University ●Product General Manager of COMPEQ Manufacturing Co., Ltd.	None	—	—	—

Note1：Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers)：The Chairman also concurrently serves as the President mainly because it is to enhance the communications and effectiveness of operational decisions, and for the accurate and quick execution. To cope with the laws and regulations for the implementation of corporate governance in the future, it is planned to add seats of independent directors for better operation of the Board of Directors’ functions, and stronger supervisory functions. Currently, the majority of directors do not concurrently serve as employees or managerial officers

3.3 **Remuneration of Directors and Management Team**

3.3.1 Remuneration of Directors

Unit: NT$ thousands

Title/ Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
	Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
															Cash	Stock	Cash	Stock			
Chairman of the Board P.K. Chiang	3,500	3,500	—	—	—	—	—	—	3,500 0.084%	3,500 0.084%	52,424	62,424	—	—	121	—	121	—	63,545 1.52%	73,545 1.76%	–
Director Charles C. Wu	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%											
Director P.Y. Wu	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%											
Director P.H. Wu	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%											
Director Victor Lu	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%											
Director K.S. Peng	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%	K.S Peng is not Employees.										
Independent Director Y.C. Huang	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%	Tung Chun Huang、Tzu Kuan Chiu and Teng Ling Liu Who are not Employees.								4,500 0.11%	4,500 0.11%	–
Independent Director Tzu Kuan Chiu	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%											
Independent Director Teng Ling Liu	1,500	1,500	—	—	—	—	—	—	1,500 0.036%	1,500 0.036%											

Note

1. The remuneration to the Independent Directors of the Company is fixed, with the consideration of the current industrial situation and the frequency that the Independent Directors participate in daily operations. The appropriate amount is distributed after the approvals of the Compensation Committee and the Board of Directors. Independent Directors of the Company fulfill their duties in accordance with relevant laws and regulations. The duties include monitoring, fair presentation of the Company's financial statements, the hiring or dismissal of CPA and their independence and performance, the effective implementation of internal control, legal compliance, the control of existing or potential risks, and the implementation of the rights and responsibilities listed in the Compensation Committee Charter and Audit Committee Charter, etc. The meeting is held at least once a quarter, and may be held at any time when necessary to fulfill the responsibility as good management.

2. In addition to the above information, do directors provide any consultancy service to all consolidated entities and what is its remuneration in the most recent year：None

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000				
NT$1,000,000 ~ NT$1,999,999	Charles C. Wu、K.S Peng、P.Y Wu、P.H Wu、Victor Lu、Y.C. Huang、Tzu Kuan Chiu、Teng Ling Liu	Charles C. Wu、K.S Peng、P.Y Wu、P.H Wu、Victor Lu、Y.C. Huang、Tzu Kuan Chiu、Teng Ling Liu	K.S Peng、Y.C. Huang、Tzu Kuan Chiu、Teng Ling Liu	K.S Peng、Y.C. Huang、Tzu Kuan Chiu、Teng Ling Liu
NT$2,000,000 ~ NT$3,499,999				
NT$3,500,000 ~ NT$4,999,999	P.K. Chiang	P.K. Chiang		
NT$5,000,000 ~ NT$9,999,999				
NT$10,000,000 ~ NT$14,999,999			P.Y. Wu、P.H. Wu、 Victor Lu	P.Y. Wu、P.H. Wu
NT$15,000,000~ NT$29,999,999			Charles C. Wu 、P.K. Chiang	Charles C. Wu 、P.K. Chiang、Victor Lu
NT$30,000,000 ~ NT$49,999,999				
NT$50,000,000 ~ NT$99,999,999				
Over NT$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

3.3.2 Remuneration of Management Team Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO & President	P.K. Chiang	14,526	26,426	12,189	12,189	68,020	68,020	212	—	212	—	94,946 2.28%	106,946 2.57%	--
Executive Vice President	Andrew Chen													
Executive Vice President	P.Y Wu													
Executive Vice President	Victor Lu													
Corporate Vice President	P.H. Wu													
Vice President	Tony Chuang													
Vice President	Joe Jan													

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999		
NT$5,000,000 ~ NT$9,999,999	Tony Chuang、Joe Jan	Tony Chuang、Joe Jan
NT$10,000,000 ~ NT$14,999,999	P.Y. Wu、Victor Lu、P.H Wu	P.Y. Wu、P.H Wu
NT$15,000,000~ NT$29,999,999	P.K. Chiang、Andrew Chen	P.K. Chiang、Andrew Chen、Victor Lu
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999		
Over NT$100,000,000		
Total	7 persons	7 persons

3.3.3 Listed company that has had losses after tax in individual financial reports in the last three years or the result of the corporate governance evaluation is the last-level group recently year, the remuneration of the top five remuneration executives should be disclosed: None

3.3.4 Employee Profit Sharing Granted to Management Team：

	Title	Name	Employee Compensation - in Stock(Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	CEO & President	P.K. Chiang	--	242	242	0.006%
	Executive Vice President	P.Y Wu				
	Executive Vice President	Victor Lu				
	Corporate Vice President	P.H. Wu				
	Vice President	Tony Chuang				
	Vice President	Joe Jan				
	Chief of Financial Officer	Fine Lu				
	Accounting Manager	Chiung Yin Fang				

3.3.5 Comparison of Remuneration for Directors and Management Team in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents：

A.

	2023		2022	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Net Income of year (Unit: NT$ thousands)	4,168,375	4,168,375	8,000,977	8,000,977
Ratio of total remuneration paid to directors to net income (%)	0.37%	0.37%	0.09%	0.09%
Ratio of total remuneration paid to Management Team to net income (%)	2.28%	2.57%	0.92%	0.98%

B. Describe the policy, criteria, packages and rules relating to the remuneration, as well as its relation to business performance and future risks：

Directors' remuneration

Under Article 17 of our company bylaws, the Board of Directors is authorized to set remuneration based on their involvement and contributions to the company, regardless of profit or loss, and taking into account industry standards both domestically and internationally. Since the bylaws do not specify director remuneration, directors do not participate in remuneration distribution. Data from the past five years (2019-2023) shows that our company’ s directors’ remuneration ranks between 6th and 8th among the top ten PCB companies in Taiwan, considering internal and external factors and maintaining personnel stability.

Managers' remuneration

The Remuneration Committee sets managerial salaries according to our company's salary policies, which include various allowances and bonuses to recognize and reward employee efforts. Bonuses are based on annual company performance, financial status, operational conditions, and individual performance, and require Board approval. Additionally, if the company is profitable in a given year, 2% of the profits are allocated for employee remuneration, as outlined in Article 28 of our company bylaws.

Relation to business performance and future risks

Directors' remuneration primarily reflects industry standards and tends to be fixed, as directors do not participate in remuneration distribution. In contrast, managerial remuneration is based on the company's salary policies, including pay scales and systems. Managers’ bonuses and salary adjustments are linked to company performance, financial results, operational conditions, and individual contributions, aiming to enhance overall team effectiveness. The company also benchmarks against industry salary standards to ensure competitive remuneration for management and retain top talent.After balancing various risk factors, these decisions are reflected in the company's profitability. Performance management procedures are used to assess and link managerial compensation to risk management effectiveness. The results of these performance evaluations inform the distribution of managerial bonuses and are used to develop and regularly review policies, systems, standards, and structures related to performance assessments and remuneration. Recommendations for compensation are then submitted to the Board for discussion.

3.4 **Implementation of Corporate Governance**

3.4.1 Board of Directors：

A. total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman of the Board	P.K. Chiang	7	0	100%	
Director	K.S. Peng	5	2	71.43%	
Director	Chang-Zhi Investment Co., Ltd. Representative: Charles C.Wu	4	0	100%	new appointment
Director	Chang-Zhi Investment Co., Ltd. Representative: Victor Lu	4	0	100%	new appointment
Director	Positive Bo Investment Co., Ltd. Representative: P.Y. Wu	4	0	100%	new appointment
Director	Xue Dayton Investment Co., Ltd. Representative: P.H. Wu	4	0	100%	new appointment
Director	Charles C.Wu	2	1	66.67%	term expired
Director	P.Y. Wu	3	0	100%	term expired
Director	P.H. Wu	3	0	100%	term expired
Director	Andrew Chen, on behalf of Chang-Zhi Investment Co., Ltd.	3	0	100%	term expired
Independent Director	Tung Chun Huang	3	0	100%	term expired
Independent Director	Tzu Kuan Chiu	6	1	85.71%	
Independent Director	Teng Ling Liu	7	0	100%	
Independent Director	Y.C. Huang	4	0	100%	new appointment

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 should be specified:

1-1 Matters referred to in Article 14-3 of the Securities and Exchange Act.

Meeting Date	Proposal	Independent Director's opinion	Treatment of Independent Director's opinion	Resolution
2023.03.09	1.Approved 2022 Statement of Internal Control System 2.Approved the Report on the 2022 Employee Compensation Distribution 3.Approved 2022 Financial Statements 4.Approved 2022 Business Report 5.Approved the proposal for distribution of 2022 earnings 6.Approved the proposal for Financing with financial institutions 7.Approved the proposal for endorsement, or rovision of guarantee 8.Approved the Amendment to the Articles of Incorporation 9.Approved the Fund Loan Procedures of Compeq and its Subsidiaries 10.Approved the proposal for the hiring or dismissal of an attesting CPA, and evaluating the Independence. 11.Approved the Candidate List for the Board of Directors offered by Compeq 12.Approved the proposal for release the prohibition on directors from participation in competitive business 13.Approved the meeting date of 2023 Annual Shareholders' Meeting 14.Approved 2023 Annual Shareholders'	None	Approved	proposal was approved as proposed

		Meeting Agenda 15.Proposal submission date for 2023 Annual Shareholders' Meeting 16.The date for nominating candidates of Directors (including Independent Directors) for 2023 annual shareholders' meeting 17.Approved an investment to establish a subsidiary in Thailand 18.Approved the recommendations submitted by Remuneration Committee				
	2023.03.31	1.Approved the intention to purchase land for the factory in Thailand 2.Approved the Amendment to 2023 Annual Shareholders’ Meeting Agenda 3.Approved the proposal for release the prohibition on directors from participation in competitive business	None	Approved	proposal was approved as proposed	
	2023.05.11	1.Approved 2023Q1 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved the proposal for endorsement, or rovision of guarantee 4.Approved the recommendations submitted by Remuneration Committee	None	Approved	proposal was approved as proposed	
	2023.08.10	1.Approved 2023Q2 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved intending to loan funds to others 4.Approved the proposal Directors & Officers liability Insurance 5.Approved the recommendations submitted by Remuneration Committee	None	Approved	proposal was approved as proposed	
	2023.11.09	1.Approved 2024 Internal auditing plan 2.Approved 2023Q3 Financial Statements 3.Approved the proposal for Financing with financial institutions 4.Approved the proposal for endorsement, or rovision of guarantee 5.Approved intending to loan funds to others 6.Approved the proposal for capital increase for our subsidiary reinvestment company 7.Approved the recommendations submitted by Remuneration Committee	None	Approved	proposal was approved as proposed	
	2024.03.07	1.Approved 2023 Statement of Internal Control System 2.Approved the Report on the 2023 Employee Compensation Distribution 3.Approved 2023 Financial Statements 4.Approved 2023 Business Report 5.Approved the proposal for distribution of 2023 earnings 6.Approved the proposal for Financing with financial institutions 7.Approved the proposal for endorsement, or rovision of guarantee 8.Approved intending to loan funds to others 9.Approved the proposal for the hiring or dismissal of an attesting CPA, and evaluating the Independence. 10.Approved the Establishment of Financial Transaction Guidelines among Related	None	Approved	proposal was approved as proposed	

	Parties 11. Approved the date for nominating candidates of Independent Directors for 2024 annual shareholders' meeting 12. Approved the meeting date of 2024 Annual Shareholders' Meeting 13. Approved 2024 Annual Shareholders' Meeting Agenda 14. Proposal submission date for 2024 Annual Shareholders' Meeting 15. Approved the recommendations submitted by Remuneration Committee			

1-2 Other 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：

The BOD held on March 9, March 31, May 11, August 5, November 4,2023 and March 7 2024, when the Compensation Committee made a proposal to discuss the salary system for directors, supervisors, and managers, Chairman Jiang, Director Charles C Wu, Director Andrew Chen, Director Victor Lu, Director P.Y. Wu, Director P.H, Wu, Independent Director Tzu Kuan Chiu, Independent Director Teng Ling Liu and Independent Director Y.C. Huang recused themselves from the discussion and voting of their salary. The proposal was unanimously approved by all present directors.

The BOD held on March 9, March 31, during discussed to release the prohibition on directors from participation in competitive business, Director Charles C Wu, Director P.Y. Wu, Director P.H, Wu, Independent Director Tzu Kuan Chiu and Independent Director Y.C. Huang recused themselves from the discussion and voting process. The proposal was unanimously approved by all present directors.

3. For information on the evaluation cycle, period, scope, method and content of the self-evaluation of the board of directors, please refer to the attached table "Implementation of Board Evaluation"：

Evaluation cycle	Evaluated period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 ~ December 31, 2023	Including the performance evaluation of the board of directors, individual board members and functional committees.	Including internal self-evaluation of the board of directors, self-evaluation of board members	(1) Performance evaluation of the board of directors: including the level of participation in the company's operations, the quality of the board's decision-making, the composition and structure of the board of directors, the selection and continuous training of directors, internal control, etc. (2) Performance evaluation of individual directors: including the company's goals and tasks, directors' recognition of responsibilities, participation in the company's operations, internal relationship management and communication, professional and continuous training of directors, internal control, etc. (3)Performance evaluation of functional committees: the degree of participation in the operation of the company, the recognition of the responsibilities of the functional committees, the decision-making quality of the functional committees, the composition of the functional committees, the selection of members, and internal control

4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.：

All of the board of directors meeting of the company have followed the"Rules of Procedure for the Board of Directors Meeting and related regulations, and the company has established audit committee to ensure the quality of important business decisions.

3.4.2 Audit Committee：

A. Audit Committee：

A total of 6 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Teng Ling Liu	6	0	100%	
Independent Director	Tzu Kuan Chiu	5	1	83.33%	
Independent Director	Y.C. Huang	3	0	100%	new appointment
Independent Director	Tung Chun Huang	3	0	100%	term expired

Other mentionable items：

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

1-1. Matters referred to in Article 14-5 of the Securities and Exchange Act.

Meeting Date	Proposal	Independent Director's opinion	Treatment of Independent Director's opinion	Resolution
2023.03.09	1.Proposal for the Establishment of a Reinvestment Company 2.Approved 2022 Statement of Internal Control System 3.Approved the proposal for the hiring or dismissal of an attesting CPA, and evaluating the Independence. 4.Approved 2022 Financial Statements 5.Approved 2022 Business Report 6.Approved the proposal for distribution of 2022 earnings 7.Approved the proposal for Financing with financial institutions 8.Approved the proposal for endorsement, or rovision of guarantee 9.Approved the Amendment to the Articles of Incorporationr 10.Approved the Fund Loan Procedures of Compeq 11.Approved the proposal for release the prohibition on directors from participation in competitive business	None	Approved	proposal was approved as proposed
2023.03.31	1.Approved the intention to purchase land for the factory in Thailand 2.Approved the proposal for release the prohibition on directors from participation in competitive business	None	Approved	proposal was approved as proposed
2023.05.11	1.Approved 2023Q1 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved the proposal for endorsement, or rovision of guarantee	None	Approved	proposal was approved as proposed
2023.08.10	1.Approved 2023Q2 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved intending to loan funds to others	None	Approved	proposal was approved as proposed

	4.Approved the proposal Directors & Officers liability Insurance			
2023.11.09	1.Approved 2023Q3 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved the proposal for endorsement, or rovision of guarantee 4.Approved intending to loan funds to others 5.Approved the proposal for capital increase for our subsidiary reinvestment company	None	Approved	proposal was approved as proposed
2024.03.07	1.Approved 2022 Statement of Internal Control System 2.Approved 2023 Financial Statements 3.Approved 2023 Business Report 4.Approved the proposal for distribution of 2023 earnings 5.Approved the proposal for Financing with financial institutions 6.Approved the proposal for endorsement, or rovision of guarantee 7.Approved intending to loan funds to others 8.Approved the proposal for the hiring or dismissal of an attesting CPA, and evaluating the Independence. 9. Approved the Establishment of Financial Transaction Guidelines among Related Parties	None	Approved	proposal was approved as proposed

1-2. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.：None

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified：
When the Audit Committee discussed to release the prohibition on directors from participation in competitive business on March 9, March 31, Independent Director Tzu Kuan Chiu and Independent Director Y.C. Huang recused themselves from the discussion and voting process. The proposal was unanimously approved by all Independent Directors.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)
Communications between the independent directors and the Company's chief internal auditor：

Date	Discussion content	Independent Director's opinion	Treatment of Independent Director's opinion
2023.03.09	1.2023 Internal auditing report. 2.Approved 2022 Statement of Internal Control System. 3.Independence director's assignment follow-up actions report.	None	Approved
2023.05.11	1.2023 Internal auditing report. 2.Internal control failure of external case report. 3.Independence director's assignment follow-up actions report.	None	Approved
2023.08.10	1.2023 Internal auditing report. 2.Independence director's assignment follow-up actions report.	None	Approved
2023.11.09	1.2023 Internal auditing report. 2.Internal control failure of external case report. 3.Independence director's assignment follow-up actions report.	None	Approved

2024.03.07	1.2023 Internal auditing report. 2.Approved 2023 Statement of Internal Control System	None	Approved

Communications between the independent directors and CPA：once a year at least

Date	Discussion content	Independent Director's opinion	Treatment of Independent Director's opinion
2023.12.29	The independent directors every year to inquire about the opinions and suggestions for the financial statements, as the basis for the CPA to assess the effectiveness of corporate governance and internal control.	None	Approved

3.4.3 **Chief corporate governance officer**

3.4.3.1 Appointed Fine Lu, the CFO as the chief corporate governance officer to be in charge of Compeq's corporate governance affairs. The corporate governance affairs are the following items:

A. Handling matters relating to board meetings and shareholders meetings according to laws
B. Producing minutes of board meetings and shareholders meetings
C. Assisting in onboarding and continuous development of directors and supervisors
D. Furnishing information required for business execution by directors and supervisors
E. Assisting directors and supervisors with legal compliance
F. Other matters set out in the articles or corporation or contracts .

3.4.3.2 2023 Result of the work:

A. Handling matters relating to 2023 board meetings and shareholders meetings.
B. Producing minutes of 2023 board meetings and shareholders meetings
C. Assisting continuous development of directors and supervisors in 2023
D. Furnishing information required for business execution by directors and supervisors in 2023
E. Assisting directors and supervisors with legal compliance in 2023
F. Execution Status of Insider Trading Prevention Measures: Our company has established measures to prevent insider trading. In 2023, the officer wdisseminated relevant guidelines for internal transactions via email to directors, internal staff, etc. This is to prevent directors and relevant internal staff from inadvertently violating regulations before the announcement of quarterly financial reports

3.4.3.3 Continuing education of Chief corporate governance officer in 2023

Date	Institutions	course	Continuing Education Hours
2023/04/27	Taiwan Stock Exchange Corporation	Listed Company Sustainable Development Action Plan Advocacy Session	3.0
2023/06/02	Chinese National Association of Industry &Commerce	2023 Taishin Net Zero Summit Go Towards Green Energy	2.0
2023/06/09	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
2023/11/29	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0

3.4.4 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
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 have established and disclosed Corporate Governance Best Practice Principles of Compeq on 2018.Nov.02	No difference.
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 Company establishes internal procedures and assigns designated departments to handle shareholder suggestions, proposals, complaints and disputes. Shall there be any legal issue, our legal department and outside counsel will involve and handle the issues.	No difference.
(2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company maintains a good relationship with major shareholders and keeps an updated list of the major shareholders.	No difference.
(3)Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		The Company has established appropriate internal policies and assigned designated personnel to handle risk management mechanism and "firewall" between the Company and its affiliates.	No difference.
(4)Does the company establish internal rules against insiders trading with undisclosed information?	V		The company establishes internal rules against insiders trading.	No difference.
3.Composition and Responsibilities of the Board of Directors				
(1)Does the Board develop and implement a diversified policy for the composition of its members?	V		The composition of the board of directors is determined by taking diversity into consideration. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: Ability to make operational judgments. Ability to perform accounting and financial analysis. Ability to conduct management administration. Ability to conduct crisis management. Knowledge of the industry. An international market perspective. Ability to lead. Ability to make policy decisions.	No difference.
(2)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		The Company established Compensation Committee and Audit Committee and its policies and procedures. Apart from the above mentioned committees, the Company has not established any other functional committee.	No difference.
(3)Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		The company establishes a standard to measure the performance of the Board, and implement it in March 2024.	No difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(4)Does the company regularly evaluate the independence of CPAs?</td><td>V</td><td></td><td>Since 2018, the Company has evaluated the independence of CPA once a year. In 2024, reference Audit Quality Indicators (AQIs)" and The following 15 items are included in the evaluation: 1) Changes of CPA within 7 years since the latest auditing; 2) No material conflicts of interest in finance with the client; 3) CPA shall avoid any improper relationship with the client; 4) CPA should ensure the integrity, fairness, and independence of their assistants; 5) CPA shall not audit the financial statements of the company he/she served at in the most recent 2 years; 6)The name of CPA cannot be used by others.;7) CPA shall not hold shares of the Company and its affiliates; 8) CPA does not have loans with the Company and its affiliates; 9) CPA does not involve in common investments or shared interests with the Company and its affiliates; 10) CPA does not concurrently hold positions with regular pay in the Company or its affiliates; 11) CPA does not involve in policy making or management in the Company or its affiliates; 12) CPA does not own business that might lose its independence; 13) CPA is not the spouse or relatives within the second degree of kinship of the personnel in the management team; 14) CPA does not receive any work-related commission; 15) CPA does not receive any sanction or involve in any matter that breaches the independence principle. The most recent evaluation was on March 7, 2024. Backer Tilly Clock&Co also issued an "Independence Declaration". This proposal was submitted to and approved by the Audit Committee and the Board of Directors on March 7, 2024.</td><td>No difference.</td></tr>
<tr><td>4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders’ meetings)?</td><td>V</td><td></td><td>The company has appointed a person responsible for corporate governance matters.</td><td>No difference.</td></tr>
<tr><td>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 handle all the issues they care for in terms of corporate social responsibilities?</td><td>V</td><td></td><td>The company establishes a communication channel and builds a designated section on its website for stakeholders, employees, customers, and suppliers, as well as handles all the issues they care for in terms of corporate social responsibilities.</td><td>No difference.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Taishin International Bank Stock Transfer Agency Department Inc. to deal with shareholder affairs.	No difference.
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 has an official website to disclose both financial standings and the status of corporate governance.	No difference.
(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The company has official website for information disclosure, and appoint designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences.	No difference.
(3)Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	The company publishes and reports its annual financial report in time.	NA
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, 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.Employees rights and wellness are stated in internal policies as required by relevant laws and regulations. 2.The Company maintains good relationship with investors and have IR system to handle the investors; affairs. 3.The company designates personnel exclusively dedicated to handling suppliers’ affairs. 4.The company maintains communication with stakeholders and safeguards their rights and interests. The company maintains channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respects and safeguards their legal rights and interests, and designates a stakeholders section on its website. When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith. 5.Continuing education of directors: None 6.Internal control, auditing and self-evaluation procedures are in place. 7.In order to protect the interests of the consumers and customers, the company has designated personnel exclusively dedicated to handling the customers’ proposals, inquiries, and disputes. 8.The company has taken out directors liability insurance with respect to	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.	
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, and provide the priority enhancement measures. The result of the Corporate Governance Evaluation of the company falls in the range of the first 35% to 50% of the Taiwan listed companies. The company will rectify the non-compliance items to improve the Corporate Governance system gradually.				

Continuing Education for Directors of the Company in the Most Recent Year.

Title	Name	Date	Institutions	Course	Education Hours
Chairman of the Board	P.K. Chiang	2023/10/20	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/22	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Director	K.S. Peng	2023/10/13	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/15	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Director	Charles C. Wu	2023/10/20	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/22	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Director	Victor Lu	2023/11/15	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Director	P.Y. Wu	2023/06/09	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/10/13	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/29	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Director	P.H. Wu	2023/06/02	Chinese National Association of Industry &Commerce	2023 Taishin Net Zero Summit Go Towards Green Energy	3.0
		2023/06/09	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/10/20	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/15	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Independent Director	Tzu Kuan Chiu	2023/10/20	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/15	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0
Independent Director	Teng Ling Liu	2023/10/20	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/22	Securities and Futures	Insider Equity Transaction Legal	3.0

			Institute	Compliance Publicity Briefing Session	
Independent Director	Y.C. Huang	2023/10/20	Securities and Futures Institute	Annual Prevention of Insider Trading Promotion Conference	3.0
		2023/11/22	Securities and Futures Institute	Insider Equity Transaction Legal Compliance Publicity Briefing Session	3.0

3.4.5 Status of Remuneration Committee：

A. Salary and Remuneration Committee Member Information

Criteria / Name	Professional qualification and experiences	Independence condition	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Tung Chun Huang	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University Professor, Institute of Human Resource Management, National Central University. Not been a person of any conditions defined in Article 30 of the Company Law. (Refer to P.14 Table A)	(Refer to P.15 Table B)	0
Independent Director Tzu Kuan Chiu	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University Professor, Department of Financial Finance, National Central University. Not been a person of any conditions defined in Article 30 of the Company Law. (Refer to P.14 Table A)	(Refer to P.15 Table B)	0
Independent Director Teng Ling Liu	Over 40 years Work Experience in the Areas of Management, Finance for the Business of the PCB Company Not been a person of any conditions defined in Article 30 of the Company Law. (Refer to P.14 Table A)	(Refer to P.15 Table B)	0

B. A total of 4 meetings of Remuneration Committee were held in the previous period. The status of attendance is as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Teng Ling Liu	4	0	100%	
Member	Tzu Kuan Chiu	3	1	75%	
Member	Y.C. Huang	2	0	100%	new appointment
Member	Tung Chun Huang	2	0	100%	term expired

Note 1：The functions of the Committee are to professionally and objectively evaluate the policies and systems for compensation of the directors and managements, and submit recommendations to the board of directors for its reference in decision making.

Other Information to be disclosed:

Meeting Date	Proposal	Independent Director's opinion	Resolution	Treatment of Independent Director's opinion
2023.03.09	1.2022Q4 bonus payment review and approval. 2.The performance outcome and approval of infrastructure construction bonus in 2022. 3.The performance outcome and approval of target bonus in 2022.	None	proposal was approved as proposed	Approved
2023.05.11	1..2023Q1 bonus payment review and approval.	None	proposal was approved as proposed	Approved
2023.08.10	1.2023Q2 bonus payment review and approval. 2.Retention bonus payment review and approval. 3.Company's board director remuneration review proposal 4.Review of performance bonus assessment criteria	None	proposal was approved as proposed	Approved
2023.11.09	1.2023Q3 bonus payment review and approval. 2.Retention bonus payment review and approval.	None	proposal was approved as proposed	Approved
2024.03.07	1.2023Q4 bonus payment review and approval. 2.The performance outcome and approval of infrastructure construction bonus in 2023. 3.The performance outcome and approval of target bonus in 2023.	None	proposal was approved as proposed	Approved

1. If Board of Directors did not adopt or revise the proposal made by the Compensation Committee, please specify the date, session, agendas and resolutions of the Board of Directors meeting and how the Company handled the proposal made by the Compensation Committee (If amount of the compensation approved by the Board of Directors is higher than that proposed by the Compensation Committee, please specify the reasons and differences in proposals.): None.
2. If any members of the Compensation Committee were against or reserved their opinions towards the resolutions, please specify the date, session, agendas, opinions of all members and how the opinions were handled: None.

3.4.6 Fulfillment of Social Responsibility and Deviations from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	yes	No	Abstract Explanation	
1. Whether the Company has set up a sustainable development management structure, as well as relevant special (part- time) unit to follow up related matters under the supervision of executive managers authorized by Board of Directors.	V		The company has been actively following corporate governance, developing a sustainable economy and maintaining social welfare for a long time. Currently, there is a dedicated CSR organization. The chairman of the board is the person in charge of social responsibility, and senior managers are assigned as representatives of social responsibility management. Report the implementation and disclose the Sustainability Report by the end of June every year.	No difference.
2.Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		Compeq's identification of major topics is based on the GRI Guidelines to evaluate two aspects such as the economic, environmental and social impacts, as well as the assessment of impact on the stakeholders. The objective is to evaluate the consequences of relevant economic, environmental and social impacts from Compeq. However, if the green products create economic, environmental and/or social impacts, or they are significant to the decision-making of stakeholders, then it should be made clear to the stakeholders through the use of assessment tools in the existing product life cycle.	No difference.
3 Sustainable Environment Development				
3.1 Does the company establish proper environmental management systems based on the characteristics of their industries?	V		The company has set up an ISO 14001 environmental management systems with complete documentation and regular external audits.	No difference.
3.2 Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The company strives to improve the recycling and reuse of different resources (e.g., recovery of water, copper, gold and silver metals) as well as the reuse of pallet materials to reduce waste production.	No difference.

3.3 Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	V		In addition to implementing GHG inventory and reduction, the company voluntarily discloses its achievements through channels including the CSR report published every June, customer survey, and the Carbon Disclosure Project (CDP).	No difference.
3.4 Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		In addition to regularly reviewing greenhouse gas, water use reduction, and total weight of waste, the company also sets relevant policy objectives for regular review and continuous improvement.	No difference.
4.Social issues				
4.1 Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company follows international guidelines defined in SA8000 and BRA to protect our employees. If there are any conflicting provisions then the more rigorous provision is adopted.	No difference.
4.2 Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		The Group complies with the Labor Standards Act and related laws and regulations when setting salary and benefits measures, and provides benefits that are competitive in the market to encourage employees. Furthermore, periodic evaluations are conducted for issuing performance bonuses to share profits with employees.	No difference.
4.3 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		The company has passed the certification of both OHSAS18001 and TOSHMS of MOL, and both certificates are still valid. Apart from providing employees with a safe and healthy work environment, periodic safety and health education and training are according to the above standards. Most importantly, we accept audits periodically.	No difference.

4.4 Does the company provide its employees with career development and training sessions?	V		The company provides a range of comprehensive training programs based on the organization and roles. The head of each functional unit is responsible for defining the skills and knowledge required for personnel of all levels in their particular field. With the assistance of the training unit, these are converted into suitable training courses that give employees the professional skills and knowledge required to carry out their work. All employees are encouraged to actively share their knowledge and combine the results with the performance evaluation system in order to realize the goal of employee learning and the passing down of experience.	No difference.
4.5 Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	V		As the company's operations do not include end-users, we only ensure that the products and services provided for customers and by suppliers and if their collections and payments meet the contract terms and related laws and regulations. 1. We ensure that products or services are provided in compliance with the contract terms and related laws and regulations. 2. Where appropriate and applicable, we provide correct and clear information regarding the content, maintenance and repair, storage, and disposal of products or services to ensure customers are well informed prior to making a decision. 3. We establish and implement a transparent and effective customer grievance procedure fairly and timely to resolve customer grievances without incurring undue fees or burdens. We do not to engage in any deception, misdirection, fraud or unfair statements or omissions, or any other improper acts.	No difference.

4.6 Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status	V		CSR performance is the one of the company's main concerns in supplier selection. Apart from requesting qualified suppliers to sign the "Compeq Supplier CSR and Code of Ethics Declaration," we require suppliers to fill in the "Supplier CSR Self-Assessment Form" or conduct a "Supplier CSR Audit" in respect of their risks.	No difference.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		Compeq referenced internationally accepted reporting standards in 2019 in preparing the 2018 Corporate Social Responsibility Report, and obtained a limited assurance report from a third party verification unit. The Corporate Social Responsibility Report may be accessed at the Compeq's official website.	No difference.
6. If the Company has established the Sustainable Development Principles based on "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation： The Company has established "Corporate Social Responsibility Best Practice Principles" to fulfill its social responsibilities. There is no difference between actual operations and the Company's best practice principles				
7 Other important information to facilitate a better understanding of the company's Sustainable Development practices： There is a specific CSR section on the company's official website including CSR/ Sustainable Development policy, targets and management procedures. (http://www.compeq.com.tw/duty03.php).				

3.4.7 Climate-related Information of Listed Companies

Item	Execution situation
1. The supervision and governance of climate-related risks and opportunities by the board of directors and management team 2.How do the identified climate-related risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, and long-term)? 3.Description of the impact of extreme weather events and transformation actions on finances. 4. How the identification, assessment, and management process of climate risks is integrated into the overall risk management system. 5.Describe the scenario, parameters, assumptions, analysis factors, and key financial impacts of using scenario analysis to evaluate resilience to climate change risks. 6.If there is a transition plan for managing climate-related risks, please describe the plan's contents, as well as the indicators and goals used to identify and manage physical and transition risks. 7.If internal carbon pricing is used as a planning tool, the basis for price determination should be explained. 8.If climate-related targets are set, the following information should be provided: the activities covered, the scope of greenhouse gas emissions, the planning timeline, progress made each year, etc. If carbon offsets or renewable energy certificates (RECs) are used to achieve these targets, information should be provided on the source and quantity of carbon offsets or RECs used. 9.Greenhouse Gas Inventory and Verification Status (refer to the table).	1.Regularly report the implementation status and plans of greenhouse gas inventory within the factories to the board of directors on a quarterly basis in accordance with the sustainable development roadmap of regulatory authorities, in order to carry out supervision and governance. 2.The internal management team is reviewing the potential climate risks and related opportunities and assessing the parameters' impact on finance and the company. The review is ongoing, and it is expected to be presented in the ESG report. 3.The company continues to improve equipment efficiency and raw material utilization while continuously evaluating the possibility of using renewable energy. Currently, subsidiaries have planned to purchase Green Electricity Certificates (GEC) to meet their needs, while the parent company continues to evaluate ways to purchase renewable energy. 4.The disclosure and verification of greenhouse gas inventory are shown in the following table.

3.4.7.1 Greenhouse gas inventory and verification status for the past two years

A. Greenhouse gas inventory information

Company information： Company with a capital of over 10 billion NT dollars.	According to the sustainability development roadmap for listed companies, disclosure of the parent company's individual inventory and verification report is required.

	Total emissions (metric tons of CO_2e)		Intensity (tonnes CO_2e/ million dollars)		Certification Organization	Explanation
Scope 1	2021	2022	2021	2022		
Parent company	2,679	4,105	0.192	0.259	Parent company: TUV subsidiary: SGS	The verification and proof as shown next page, As for our subsidiaries (Chongqing and Suzhou Plant), they have only conducted self-inspections and have not yet completed the verification and proof process. However, the overall operation still complies with the sustainable development roadmap requirements for listed companies. 。
Subsidiary	9,493	12,434	0.238	0.252		
Total	12,173	16,539	0.43	0.511		
Scope 2	Total emissions (metric tons of CO_2e)		Intensity (tonnes CO_2e/ million dollars)		Certification Organization	Explanation
Parent company	183,399	183,557	13.142	11.59	Parent company: TUV subsidiary: SGS	The verification and proof as shown next page, As for our subsidiaries (Chongqing and Suzhou Plant), they have only conducted self-inspections and have not yet completed the verification and proof process. However, the overall operation still complies with the sustainable development roadmap requirements for listed companies. 。 。
Subsidiary	447,628	450,379	10.783	9.11		
Total	631,028	633,936	23.925	2.07		
Scope 3	Total emissions (metric tons of CO_2e)		Intensity (tonnes CO_2e/ million dollars)		Certification Organization	Explanation
Parent company	NA	77,921	NA	4.92	Parent company: TUV	Scope 3 provides limited assurance levels
Subsidiary	NA	135,465	NA	2.74		
Total	NA	213,385	NA	7.66		

B. Greenhouse gas assurance information

Provide an explanation of the assurance status for the most recent two fiscal years up to the date of the annual report printing, including the scope of assurance, assurance provider, assurance standards, and assurance opinion
COMPEQ has outsourced third-party verification for the past two years, while its subsidiaries (Chongqing plant/Suzhou plant) have conducted self-assessments but have not yet completed the verification process. Overall, this complies with the requirements outlined in the sustainability development roadmap for listed companies (Parent company: TUV, Subsidiaries: SGS)

C. Greenhouse gas reduction targets, strategies, and specific action plans

Describe the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and progress towards achieving reduction targets.
Referencing industry benchmarks and current company status, we have achieved compliance with the Renewable Energy Act requirements for energy-intensive users. We have set medium- to long-term renewable energy goals, using 2020 as a baseline and aiming for a 30% reduction in carbon emissions by 2030. -> We continue to conduct greenhouse gas inventories for Scopes 1 and 2 and have obtained ISO 14064-1 certification. Starting in 2023, we will expand our inventory scope to include Scope 3 emissions, conducting comprehensive inventories, verification, and disclosure. We anticipate achieving certification for all facilities by 2027. -> We are actively promoting innovative energy-saving and emission reduction projects. Senior management at each production site regularly reviews and adjusts strategies quarterly to ensure continuous progress and goal attainment. -> We regularly review environmental regulations, customer demands, stakeholder expectations, and external advocacy. We actively participate in international carbon disclosure initiatives such as the Carbon Disclosure Project (CDP) reporting.

(1)2022 Dayuan Plant Greenhouse Gas Inventory Report Verification Certificate

TÜV NORD

OPINION

Greenhouse Gases Verification Opinion
ISO 14064-1 : 2018

Gives to

COMPEQ MANUFACTURING CO., LTD. DAYUAN PLANT

Office Address

No. 275, Zhongshan N. Rd., Dayuan Industrial Park, Dayuan Dist., Taoyuan City 33759, Taiwan

The quantity of Greenhouse Gas of the above organization and found to be in accordance with ISO 14064-3:2019. (detailed information please refer to next page)

Report Year	:	2022	
Greenhouse Gases			
Direct Emissions	:	380.0671	CO2-e Tonnes/ year
Energy Indirect Emissions(Category2)	:	54,247.8064	CO2-e Tonnes/ year
Other Indirect Emissions (Category3-6)	:	22,143.6929	CO2-e Tonnes/ year
Sum	:	76,771.5664	CO2-e Tonnes/ year
Materiality	:	5%	
Reasonable Assurance	:	Direct and Energy Indirect Emissions	
Limited Assurance	:	Category3-6	

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Verify Date: 2023-05-26

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Verification Body
at TUV NORD Taiwan Co., Ltd.

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Further clarifications regarding the scope of this opinion and the applicability of the standard may be obtained by consulting the organization

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Page 1 of 3

OPINION

Appendix to Opinion No. GHG-232268019

ISO 14064-1 : 2018

TUV NORD Taiwan Co., Ltd (hereinafter referred to as "TUV NORD") has been contracted with Compeq Manufacturing Co., Ltd. Dayuan Plant (hereinafter referred to as "Compeq"), No. 275, Zhongshan N. Rd., Dayuan Industrial Park, Dayuan Dist. Taoyuan City 33759, Taiwan for the verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-3:2019 In the GHG Opinion in the form of GHG report covering GHG emissions of the period 01. 01. 2022 to 31. 12. 2022.

Roles and responsibilities

The management of Compeq is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

TUV NORD conducted a third party verification to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Opinion for the period year 2022.

Level of Assurance

The level of assurance agreed are that of reasonable assurance for category 1 and 2; Limited level assurance from category 3 to 6.

Scope

Verification of GHG emissions within the organization's boundary and is based on ISO 14064-3:2019.

- Types of GHGs included: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3
- The IPCC 2007 AR4 GWP values are applied in the inventory.
- GHG information for the following period was verified on 24. 04. 2023 to 26. 05. 2023

Page 2 of 3

The GHG emissions are described as below:

GHG emissions categorization		Description	GHG emission (tonnes of CO_2e per year)
Direct Emissions/ Category 1		Occur from GHG sources inside organizational boundaries and that are owned or controlled by the organization.	380.0671
Energy Indirect Emissions	Category 2	Indirect GHG emissions from imported energy	54,247.8064
Indirect Emissions	Category 3	Indirect GHG emissions from transportation	Undisclosed
	Category 4	Indirect GHG emissions from products used by an organization	22,143.6929
	Category 5	Indirect GHG emissions associated with the use of products from the organization	Undisclosed
	Category 6	Other sources	N/A
Direct Emissions and Indirect Emissions			76,771.5664

The GHG emissions categorization are based on Annex B of ISO14064 1:2018.

Intended User of Verification Opinion: Organizations use for their own reference.

Confidentiality

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Avoidance of Conflict of Interest

The reports was verified with fairness and honestly.

Verifiers Group

According as the above opinion were judgement by TUV NORD.

Verification Body
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(2)2022 Luzhu Plant Greenhouse Gas Inventory Report Verification Certificate

TÜV NORD

OPINION

Greenhouse Gases Verification Opinion
ISO 14064-1 : 2018

Gives to

COMPEQ MANUFACTURING CO., LTD. LU CHU PLANT 1

Office Address

No. 91, Lane 814, Daxin Rd., Shin-Juang Village, Luzhu Dist., Taoyuan City, Taiwan

The quantity of Greenhouse Gas of the above organization and found to be in accordance with ISO 14064-3:2019. (detailed information please refer to next page)

Report Year	:	2022	
Greenhouse Gases			
Direct Emissions	:	2074.7593	CO2-e Tonnes/ year
Energy Indirect Emissions(Category2)	:	45534.3604	CO2-e Tonnes/ year
Other Indirect Emissions (Category3-6)	:	18386.2881	CO2-e Tonnes/ year
Sum	:	65995.408	CO2-e Tonnes/ year
Materiality	:	5%	
Reasonable Assurance	:	Direct and Energy Indirect Emissions	
Limited Assurance	:	Category3-6	

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at TUV NORD Taiwan Co., Ltd.

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Page 1 of 3

OPINION

Appendix to Opinion No. GHG-232267021

ISO 14064-1 : 2018

TUV NORD Taiwan Co., Ltd (hereinafter referred to as "TUV NORD") has been contracted with Compeq Manufacturing Co., Ltd. Lu Chu Plant (hereinafter referred to as "Compeq"), No. 91, Lane 814, Daxin Rd., Shin-Juang Village, Luzhu Dist., Taoyuan City, Taiwan for the verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-3:2019. In the GHG Opinion in the form of GHG report covering GHG emissions of the period 01. 01. 2022 to 31. 12. 2022.

Roles and responsibilities

The management of Compeq is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

TUV NORD conducted a third party verification to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Opinion for the period year 2022.

Level of Assurance

The level of assurance agreed are that of reasonable assurance for category 1 and 2; Limited level assurance from category 3 to 6.

Scope

Verification of GHG emissions within the organization's boundary and is based on ISO 14064-3:2019.

- Types of GHGs included: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3
- The IPCC 2007 AR4 GWP values are applied in the inventory.
- GHG Information for the following period was verified on 06. 04, 2023 to 08. 05, 2023

The GHG emissions are described as below:

GHG emissions categorization		Description	GHG emission (tonnes of CO_2e per year)
Direct Emissions/ Category 1		Occur from GHG sources inside organizational boundaries and that are owned or controlled by the organization.	2074.7593
Energy Indirect Emissions	Category 2	Indirect GHG emissions from imported energy	45534.3604
Indirect Emissions	Category 3	Indirect GHG emissions from transportation	Undisclosed
	Category 4	Indirect GHG emissions from products used by an organization	18386.2881
	Category 5	Indirect GHG emissions associated with the use of products from the organization	Undisclosed
	Category 6	Other sources	Undisclosed
Direct Emissions and Indirect Emissions			65995.408

The GHG emissions categorization are based on Annex B of ISO14064-1:2018.

Intended User of Verification Opinion: Organizations use for their own reference

Confidentiality

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Avoidance of Conflict of Interest

The reports was verified with fairness and honestly.

Verifiers Group

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Further clarifications regarding the scope of this opinion and the applicability of the standard may be obtained by consulting the organization

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OPINION

Greenhouse Gases Verification Opinion
ISO 14064-1 : 2018

Gives to

COMPEQ MANUFACTURING CO., LTD. LU CHU PLANT 2

Office Address

No. 66, Lane 814, Daxin Rd., Shin-Juang Village, Luzhu Dist., Taoyuan City, Taiwan

The quantity of Greenhouse Gas of the above organization and found to be in accordance with ISO 14064-3:2019. (detailed information please refer to next page)

Report Year	:	2022	
Greenhouse Gases			
Direct Emissions	:	861.1528	CO2-e Tonnes/ year
Energy Indirect Emissions(Category2)	:	15536.2881	CO2-e Tonnes/ year
Other Indirect Emissions (Category3-6)	:	7540.5510	CO2-e Tonnes/ year
Sum	:	23937.992	CO2-e Tonnes/ year
Materiality	:	5%	
Reasonable Assurance	:	Direct and Energy Indirect Emissions	
Limited Assurance	:	Category3-6	

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at TUV NORD Taiwan Co., Ltd.

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Further clarifications regarding the scope of this opinion and the applicability of the standard may be obtained by consulting the organization.

TÜV NORD

OPINION

Appendix to Opinion No. GHG-232267022

ISO 14064-1 : 2018

TUV NORD Taiwan Co., Ltd (hereinafter referred to as "TUV NORD") has been contracted with Compeq Manufacturing Co., Ltd. Lu Chu Plant 2 (hereinafter referred to as "Compeq"), No. 66, Lane 814, Daxin Rd., Shin-Juang Village, Luzhu Dist., Taoyuan City, Taiwan for the verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-3:2019. In the GHG Opinion in the form of GHG report covering GHG emissions of the period 01. 01, 2022 to 31. 12. 2022.

Roles and responsibilities

The management of Compeq is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

TUV NORD conducted a third party verification to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Opinion for the period year 2022.

Level of Assurance

The level of assurance agreed are that of reasonable assurance for category 1 and 2; Limited level assurance from category 3 to 6.

Scope

Verification of GHG emissions within the organization's boundary and is based on ISO 14064-3:2019.

- Types of GHGs included: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3
- The IPCC 2007 AR4 GWP values are applied in the inventory.
- GHG information for the following period was verified on 10, 04. 2023 to 09, 05, 2023

The GHG emissions are described as below:

GHG emissions categorization		Description	GHG emission (tonnes of CO2e per year)
Direct Emissions/ Category 1		Occur from GHG sources inside organizational boundaries and that are owned or controlled by the organization.	851.1520
Energy Indirect Emissions	Category 2	Indirect GHG emissions from imported energy	15536.2861
Indirect Emissions	Category 3	Indirect GHG emissions from transportation	Undisclosed
	Category 4	Indirect GHG emissions from products used by an organization	7540.5510
	Category 5	Indirect GHG emissions associated with the use of products from the organization	Undisclosed
	Category 6	Other sources	Undisclosed
Direct Emissions and Indirect Emissions			23937.992

The GHG emissions categorization are based on Annex B of ISO14064-1 2018.
Intended User of Verification Opinion: Organizations use for their own reference.

Confidentiality

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Avoidance of Conflict of Interest

The reports was verified with fairness and honesty.

Verifiers Group

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TÜV NORD

OPINION

Greenhouse Gases Verification Opinion
ISO 14064-1 : 2018

Gives to

COMPEQ MANUFACTURING CO., LTD. LU CHU PLANT 3

Office Address

No. 110, Lane 938, Daxin Rd., Shin-Juang Village, Luzhu Dist., Taoyuan City, Taiwan

The quantity of Greenhouse Gas of the above organization and found to be in accordance with ISO 14064-3:2019. (detailed information please refer to next page)

Report Year	:	2022	
Greenhouse Gases			
Direct Emissions	:	830.4060	CO2-e Tonnes/ year
Energy Indirect Emissions(Category2)	:	66703.8250	CO2-e Tonnes/ year
Other Indirect Emissions (Category3-6)	:	29724.6392	CO2-e Tonnes/ year
Sum	:	97258.870	CO2-e Tonnes/ year
Materiality	:	5%	
Reasonable Assurance	:	Direct and Energy Indirect Emissions	
Limited Assurance	:	Category3-6	

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Page 1 of 3

TÜV NORD

OPINION

Appendix to Opinion No. GHG-232267023

ISO 14064-1 : 2018

TUV NORD Taiwan Co., Ltd (hereinafter referred to as "TUV NORD") has been contracted with Compeq Manufacturing Co., Ltd. Lu Chu Plant 3 (hereinafter referred to as "Compeq"), No. 110, Lane 938, Daxin Rd., Shin-Juang Village, Luzhu Dist., Taoyuan City, Taiwan for the verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-3:2019. In the GHG Opinion in the form of GHG report covering GHG emissions of the period 01, 01. 2022 to 31, 12, 2022.

Roles and responsibilities

The management of Compeq is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

TUV NORD conducted a third party verification to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Opinion for the period year 2022.

Level of Assurance

The level of assurance agreed are that of reasonable assurance for category 1 and 2. Limited level assurance from category 3 to 6.

Scope

Verification of GHG emissions within the organization's boundary and is based on ISO 14064-3:2019.

- Types of GHGs included: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3
- The IPCC 2007 AR4 GWP values are applied in the inventory
- GHG information for the following period was verified on 11, 04. 2023 to 10, 05. 2023

The GHG emissions are described as below:

GHG emissions categorization		Description	GHG emission (tonnes of CO_2e per year)
Direct Emissions/ Category 1		Occur from GHG sources inside organizational boundaries and that are owned or controlled by the organization.	930.4060
Energy Indirect Emissions	**Category 2**	Indirect GHG emissions from imported energy	66703.8250
Indirect Emissions	**Category 3**	Indirect GHG emissions from transportation	Undisclosed
	Category 4	Indirect GHG emissions from products used by an organization	29724.6392
	Category 5	Indirect GHG emissions associated with the use of products from the organization	Undisclosed
	Category 6	Other sources	Undisclosed
Direct Emissions and Indirect Emissions			97258.870

The GHG emissions categorization are based on Annex B of ISO14064-1:2018.

Intended User of Verification Opinion: Organizations use for their own reference.

Confidentiality

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Avoidance of Conflict of Interest

The reports was verified with fairness and honesty.

Verifiers Group

According as the above opinion were judgement by TUV NORD.

Verification Body
at TUV NORD Taiwan Co., Ltd.

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3.4.8 Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1 Establishment of ethical corporate management policies and programs				
1.1 Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		Although we have not established an "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", our ethical corporate management unit has established the "Ethics Policy" (by management) and published it on the corporate website. In addition to the "Ethics and Integrity Management Regulations" and the "CSR Manual", and we have specified the requirements for ethical conduct in the "Supplier CSR and Ethics and Integrity Declaration" to ensure that all Compeq business activities are ethically and integrally conducted. We have also established regulations to govern the accounting system and ensure that the internal control system is completely, fairly, accurately, timely, and comprehensibly disclosed. We further announce the need for business ethics and integrity, the implementation of anti-corruption and reporting of corruption, and the measures for protecting retaliation, in order to provide proper grievance channels.	No difference.
1.2 Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The ethical management unit has established "Code of Ethics Management Rules". It includes operating procedures, guides to behavior, punishment for violations of rules on undue or improper advantage. Code of ethics and anti-corruption measures have been implemented along with protection for whistle blowers through proper grievance channels.	No difference.

1.3 Does the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	V		The company has established the “Guidelines on Labor and Ethical Risk Management” based on the articles governing unethical behavior from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”. The "Code of Ethics Management Rules" also identifies and provides preventive measures for business activities at higher risk.	No difference.
2 Fulfill operations integrity policy				
2.1 Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		The “Supplier CSR and Code of Ethics Declaration” designed by the ethical management unit includes an ethical behavior clause to ensure that all business activities within the organization are conducted in compliance with the ethical and CSR standards specified in our ethnical management policy. The Declaration also explicitly states that the management is entitled to terminate or reject a contract signed with the contractor that has caused irreparable loss to either company or customers.	No difference.
2.2 Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		The company has set up a CSR organization headed by the chairman of the Company who designates a senior executive as the CSR management representative. The CSR organization discloses the CSR report and report to BOD the progress of report publication by the end of June every year.	No difference.
2.3 Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The company has established the “Code of Ethics Management Rules” that states the conflicts of interest policy and initiatives. Code of ethics and anti-corruption measures have been implemented along with protection for whistle blowers through proper complaint channels.	No difference.
2.4 Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		The company has established an accounting system, an internal control system, and various management regulations in accordance with the Compact Act, Business Accounting Act, and Securities and Exchange Act. In addition, the internal audit unit draws up an annual audit program based on risk assessments to verify the performance of internal controls.	No difference.
2.5 Does the company regularly hold internal and external educational trainings on operational integrity?	V		The company organizes education and training activities relating to CSR and business ethics and integrity and request employees to receive recurrent training every year.	No difference.
3 Operation of the integrity channel				

3.1 Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The company has established multiple channels for complaints and communication and has put in place a "Whistleblower Handling and Protection Management Policy." This policy outlines specific standard operating procedures for investigations and is committed to protecting the confidentiality of whistleblowers to ensure they are not subjected to improper treatment as a result of their reports. Employees who have questions or discover any actions that violate government regulations, company ethics, or involve fraud can report them. The company will handle violations according to the severity of the infraction, following employee codes and relevant regulations, and may impose disciplinary actions or offer rewards for whistleblowing. On our official website, the Employee/Stakeholder section (https://www.compeq.com.tw/relationship.php) provides various communication and reporting channels for internal employees and external stakeholders, such as customers and suppliers. These include internal and external email addresses, physical suggestion boxes, and dedicated communication hotlines. Contact information for the responsible departments is provided to address issues across different areas.	No difference.
3.2 Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		The company has established the "Whistle blowing Handling and Whistleblower Protection Regulations" to specify the standard operating procedures for investigations. For the protection of whistleblowers, we promise the protection of their identity.	No difference.
3.3 Does the company provide proper whistleblower protection?	V		The company has established the "Whistle blowing Handling and Whistleblower Protection Regulations" to specify the standard operating procedure for investigations. We have also established the "Whistleblower Protection Policy" to protect whistleblowers against retaliation.	No difference.
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 has a CSR section on the corporate website and publishes a CSR report by the end of every June to disclose our policy and information relating to business ethics and integrity. In the internal audit section, we publish important regulations and disclose important documents, such as the "Ethics and Integrity Management Regulations", relating to our business activities. We also update related company information for public reference.	No difference.
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: There have been no differences				
6 Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., reviews and amends its policies). The company has approved the Ethical Corporate Management Best Practice Principles of Compeq in May 2020.				

3.4.9 If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information：

Please refer to the official website, https://www.compeq.com.tw/company03.php

3.4.10 Other Important Information Regarding Corporate Governance:

Please refer to the official website, https://www.compeq.com.tw/company01.php

3.4.11 Statement of Internal Control System

A. Statement of Internal Control System

Compeq Manufacturing Company Limited
Statement of Internal Control System

Date: March 7, 2024

Based on the findings of self-assessment, Compeq Manufacturing Company Limited (Compeq) states the following with regard to its internal control system in 2023:

1. Compeq is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management, and such a system has been established. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of financial reporting and compliance with of applicable laws, regulations and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of Compeq contains self-monitoring mechanism and Compeq takes corrective actions whenever a deficiency is identified.
3. Compeq evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. Compeq has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the self-assessment mentioned in the preceding paragraph, Compeq believes that, as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), as well as understanding the degree of achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of financial reporting, and compliance with the applicable laws, regulations and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of Compeq's Annual Report for the year 2023 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 7, 2024 with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Compeq Manufacturing Company Limited
Chairman& President
P.K. Chiang

B. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

3.4.12 The penalties delivered to the Company and the staffs of the Company, or the penalties delivered by the Company to the staffs for violations of internal control system, the major nonconformity, and the corrective action in the most recent years and up to the date of the annual report: None.

3.4.13 Major Resolutions of Shareholders' Meeting and Board Meetings：

A. Shareholders' meeting：

Date	Major resolutions	follow-up actions
2023.06.15	●Approved 2022 Business Report and Financial Statements ●Approved the proposal for distribution of 2022 earnings ●Amendment to the Articles of Incorporation ●Amendment to the Fund Loan Procedures ●To release the prohibition on directors from participation in competitive business	●Declared and distributed Business Report and Financial Statements ●Registered by Ministry of Economic Affairs. ●Declared Procedures on Compeq's official website ●Registered by Ministry of Economic Affairs. ●Released the prohibition on directors from participation in competitive business

B. Board meeting：

Date	Major resolutions
2023.03.09	1.Approved 2022 Statement of Internal Control System 2.Approved the Report on the 2022 Employee Compensation Distribution 3.Approved 2022 Financial Statements 4.Approved the proposal for distribution of 2022 earnings 5.Approved the cash dividend distribution base date 6.Approved the proposal for Financing with financial institutions 7.Approved the proposal for endorsement, or rovision of guarantee 8. Approved the proposal for the hiring or dismissal of an attesting CPA, and evaluating the Independence. 9.Approved the Amendment to the Articles of Incorporationr 10.Approved the Fund Loan Procedures of Compeq 11.Approved the meeting date of 2023 Annual Shareholders' Meeting 12.Approved 2023 Annual Shareholders' Meeting Agenda 13.Approved 2022 Business Report 14.Proposal submission date and the date for nominating candidates of Directors(including Independent Directors) for 2023 annual shareholders' meeting 15.Approved the Candidate List for the Board of Directors offered by Compeq 16.Approved the proposal for release the prohibition on directors from participation in competitive business 17.Approved an investment to establish a subsidiary in Thailand 18.Approved the recommendations submitted by Remuneration Committee
2023.03.31	1.Approved the intention to purchase land for the factory in Thailand 2.Approved the Amendment to 2023 Annual Shareholders' Meeting Agenda 3.Approved the proposal for release the prohibition on directors from participation in competitive business

2023.05.11	1.Approved 2023Q1 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved the proposal for endorsement, or rovision of guarantee 4.Approved the recommendations submitted by Remuneration Committee
2023.06.15	1.Approved the election of the Company's Chairman 2.Approved the Appointment the members of Remuneration Committee
2023.08.10	1.Approved 2023Q2 Financial Statements 2.Approved the proposal for Financing with financial institutions 3.Approved intending to loan funds to others 4.Approved the proposal Directors & Officers liability Insurance 5.Approved the recommendations submitted by Remuneration Committee
2023.11.09	1.Approved 2024 Internal auditing plan 2.Approved 2023Q3 Financial Statements 3.Approved the proposal for Financing with financial institutions 4.Approved the proposal for endorsement, or rovision of guarantee 5.Approved intending to loan funds to others 6.Approved the proposal for capital increase for our subsidiary reinvestment company 7.Approved the recommendations submitted by Remuneration Committee
2024.03.07	1.Approved 2023 Statement of Internal Control System 2.Approved the Report on the 2023 Employee Compensation Distribution 3.Approved 2023 Financial Statements 4.Approved the proposal for distribution of 2023 earnings 5.Approved the cash dividend distribution base date 6.Approved the proposal for Financing with financial institutions 7.Approved the proposal for endorsement, or rovision of guarantee 8.Approved intending to loan funds to others 9.Approved the proposal for the hiring or dismissal of an attesting CPA, and evaluating the Independence. 10. Approved the Establishment of Financial Transaction Guidelines among Related Parties 11.Approved the meeting date of 2024 Annual Shareholders' Meeting 12.Approved 2024 Annual Shareholders' Meeting Agenda 13.Approved 2023 Business Report 14.Approved the Candidate List for the Board of Directors offered by Compeq 15.Approved the date for nominating candidates of Independent Directors for 2024 annual shareholders' meeting 16.Approved the recommendations submitted by Remuneration Committee

3.4.14 **Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors：None**

3.4.15 **Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D：**

Title	Name	Effective Date	Resignation or Dismissal date	Remarks
Accounting Manager	Y.M. Wu	1988.7.1	2023.2.23	retirement
Spokesperson	Andrew Chen	2013.5.1	2023.8.1	retirement

3.5. Information Regarding the Company's Audit Fee and Independence

3.5.1 Information of CPA

unit: NT$ thousands

CPA Firm	CPA	Auditing Period	Audit Fee	Non-audit fee	Total	Remarks
Baker Tilly Clock & Co	Hsin-Liang Wu	2023.01~ 2023.12	2,480	350	2,830	Non- audit fee including Tax consultant and other service
	Tseng, Kuo-Fu					

3.5.2 Companies that have switched accounting firms and whose annual audit shared expenses are less than that of the previous year prior to the switch: none.

3.5.3 For companies whose audit shared expenses have decreased by 10% or more, the ratio of the decrease in audit shared expense and the reason should be disclosed: none.

3.6 Replacement of CPA：N.A.

3.7 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2023.

3.8 **Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Unit: Share

Title	Name	2023		As of Feb. 29, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman of the Board and President and CEO	P.K. Chiang	0	0	0	0
Director	K.S. Peng	0	0		0
Director	Chang-Zhi Investment Co., Ltd.	0	0	0	0
	Chang-Zhi Investment Co., Ltd. Representative: Charles C.Wu	0	0	0	0
Director	Chang-Zhi Investment Co., Ltd.	0	0	0	0
	Chang-Zhi Investment Co., Ltd. Representative: Victor Lu	0	0	0	0
Director	Positive Bo Investment Co., Ltd.	0	0	0	0
	Positive Bo Investment Co., Ltd. Representative : P.Y. Wu	0	0	0	0
Director	Xue Dayton Investment Co., Ltd.	0	0	0	0
	Xue Dayton Investment Co., Ltd. Representative : P.H. Wu	0	0	0	0
Independent Director	Tzu Kuan Chiu	0	0	0	0
Independent Director	Teng Ling Liu	1,000	0	0	0
Independent Director	Y.C. Huang	0	0	0	0
Executive Vice President	P.Y. Wu	(95,000)	0	(9,809,588)	0
Executive Vice President	Victor Lu	0	0	0	0
Corporate Vice President	P.H. Wu	0	0	0	0
Vice President	Tony Chuang	0	0	0	0
Vice President	Joe Jan	0	0	0	0
Chief Financial Officer	Fine Lu	0	0	0	0
Accounting Manager	Y.M. Wu	2023.2.23 retirement	2023.2.23 retirement	—	—
Accounting Manager	Chiung Yin Fang	0	0	0	0

Shares Trading with Related Parties

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT$)
P.Y. Wu	Gift	2023.12	L.T. Kao	Spouse	50,000	NA
P.Y. Wu	Gift	2023.12	Y.X. Wu	Filiation	45,000	NA
P.Y. Wu	Disposal	2024.1	Representative of the Preparatory Office of MiKoBao Investment Co., Ltd： P.Y. Wu	NA	9,809,588	74.8

Shares Pledge with Related Parties：None

3.9 Relationship Among the Top Ten Shareholders：

As of Apr. 17, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
M.D. Chang	30,790,166	2.58 %	—	—	—	—	—	—	
Y.C. Wu	30,781,106	2.58 %	—	—	—	—	Charles Wu F.M. Peng P.H. Wu P.Y. Wu	Filiation Filiation Sibling Sibling	
NAN SHAN LIFE INSURANCE CO., LTD.	30,001,000	2.52 %	—	—	—	—	—	—	
P.H. Wu	27,204,857	2.28 %	9,966,100	0.84 %	—	—	Charles Wu F.M. Peng P.Y. Wu Y.C. Wu	Filiation Filiation Sibling Sibling	
Charles Wu	27,195,218	2.28 %	19,600,998	1.64 %	—	—	F.M. Peng P.H. Wu P.Y. Wu Y.C. Wu	Spouse Filiation Filiation Filiation	
Chunghwa Post Co., Ltd.	26,005,000	2.18 %	—	—	—	—	—	—	
MERCURIES LIFE INSURANCE CO.,LTD.	21,000,000	1.76 %	—	—	—	—	—	—	
F.M. Peng	19,600,998	1.64 %	27,195,218	2.28 %	—	—	Charles Wu P.H. Wu P.Y. Wu Y.C. Wu	Spouse Filiation Filiation Filiation	
Chang Hwa Bank is entrusted to act as the custodian for the Yuanta Taiwan High Dividend & Quality Leading Securities Investment Trust Fund Account	17,950,000	1.51 %	—	—	—	—	—	—	
P.Y. Wu	17,375,911	1.46 %	3,064,000	0.26 %	—	—	Charles Wu F.M. Peng P.H. Wu Y.C. Wu	Filiation Filiation Sibling Sibling	

3.10 Ownership of Shares in Affiliated Enterprises：None

IV. Capital and Shares

4.1 Capital Overview

4.1.1 Source of Capital

A. Issued Shares

Unit：NT$/Share

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Share	Amount (NT$)	Share	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
97/12	10	1,600,000,000	16,000,000,000	1,191,820,589	11,918,205,890	Write off treasury shares (8,685,000shares)	None	Approved by the competent authority

B. Type of Stock

Type of Stock	Authorized Capital Stock			Remarks Outstanding Shares
	Outstanding Shares	Un-issued Shares	Total Shares	
Common Stock	1,191,820,589 shares	408,179,411 shares	Common Stock	1,191,820,589 shares

Note: Shelf Registration: None.

4.1.2 Status of Shareholders

As of 4/17/2023

Type / Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Nature Persons	Foreigner Institutions and Nature Persons	Sum
Number of Shareholders	6	53	276	88,786	340	89,461
Shareholding (shares)	51,681,000	169,372,085	79,303,765	629,815,823	261,647,916	1,191,820,589
Percentage	4.34%	14.21%	6.65%	52.85	21.95%	100%

4.1.3 Major Shareholders

The par value per share is NT$10 As of 4/17/2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Unit:Share)	Percentage
1～ 999	29,965	2,182,560	0.18%
1,000～ 5,000	47,495	97,715,800	8.20%
5,001～ 10,000	6,637	54,527,681	4.58%
10,001～ 15,000	1,563	20,440,328	1.72%
15,001～ 20,000	1,242	23,483,253	1.97%
20,001～ 30,000	869	22,868,910	1.92%
30,001～ 40,000	386	14,113,181	1.18%
40,001～ 50,000	280	13,330,204	1.12%
50,001～ 100,000	489	36,243,276	3.04%
100,001～ 200,000	209	30,194,335	2.53%
200,001～ 400,000	110	31,675,221	2.66%
400,001～ 600,000	30	14,575,481	1.22%
600,001～ 800,000	30	21,329,131	1.79%
800,001～1,000,000	16	14,433,325	1.21%
more than 1,000,001	140	794,707,903	66.68%
Total	89,461	1,191,820,589	100.00%

Note: Preferred Share: None.

4.1.4 List of Major Shareholders

As of 4/17/2023

Shareholder's Name	Shareholding	
	Share	Percentage
M.D. Chang	30,790,166	2.58 %
Y.C. Wu	30,781,106	2.58 %
NAN SHAN LIFE INSURANCE CO., LTD.	30,001,000	2.52%
P.H. Wu	27,204,857	2.28 %
Charles Wu	27,195,218	2.28 %
Chunghwa Post Co., Ltd.	26,005,000	2.18 %
MERCURIES LIFE INSURANCE CO.,LTD.	21,000,000	1.76 %
F.M. Peng	19,600,998	1.64 %
Chang Hwa Bank is entrusted to act as the custodian for the Yuanta Taiwan High Dividend & Quality Leading Securities Investment Trust Fund Account	17,950,000	1.51 %
P.Y. Wu	17,375,911	1.46 %

4.1.5 Market Price, Book Value, Earnings, and Dividends per Share

UNIT：NT$

Items \ Year			2022	2023	As of Feb 29 2024
Market Price per Share	Highest Market Price		54.70	78.00	82.30
	Lowest Market Price		40.65	41.35	65.00
	Average Market Price		46.76	49.83	70.53
Book Value per Share	Before Distribution		32.49	32.93	NA
	After Distribution		29.79	31.43	NA
Earnings per Share	Weighted Average Shares		1,191,820,589	1,191,820,589	1,191,820,589
	Earnings Per Share		6.71	3.50	NA
Dividends per Share	Cash Dividends		2.70	1.50	—
	Stock Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price / Earnings Ratio (Note 1)		6.97	14.24	—
	Price / Dividend Ratio (Note 2)		17.32	33.22	—
	Cash Dividend Yield Rate (Note 3)		5.77	3.01	—

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy

If there is a surplus after the final settlement of the Company's annual accounts, the loss shall first be made up according to law, and 10% shall be appropriated as legal capital reserve. However, this is not applicable when the legal capital reserve has reached the paid-in capital. After the legal capital reserve has been listed or transferred in accordance with the law or regulations of the competent authorities, the balance is the surplus that can be distributed in the current year. When the annual distributable surplus, together with the accumulated undistributed surplus at the beginning of the period is distributed as an available surplus, it is distributed according to the following principles:

A. The Company is part of the technology industry. In order to improve the financial structure of the Company, the status of operating surplus and the need to expand the scale of operations in the future, it is planned to adopt the remaining dividend policy to improve growth and sustainable operation of the Company.

B. The Company's current and future investment environment, capital needs, profitability, domestic and international competitiveness, and capital budget, etc., are proposed by the Board of Directors for surplus distribution and decided by the shareholders' meeting. When distributing the surplus, the available surplus' amount shall not be less than 10% of the distributable surplus for the year.

C. The distribution of the Company's surplus can be paid in cash or in stock. The proportion of cash distribution shall not be less than 50% of the total dividend.

4.1.6.2 The Board approved the proposal of cash dividend NT$ 1.50per share for 2023 dividend distribution at its meeting on March 7, 2024.

4.1.7 Impact to 2018 Business Performance and EPS resulting from Stock Dividend Distribution：Not Applicable because of no Stock Dividend Distribution.

4.1.8 Compensation of Employees, Directors：

4.1.8.1 Information Relating to Compensation of Employees, Directors in the Articles of Incorporation

Articles of Incorporation Article 17：The remuneration of all directors of the Company is decided based on their participation and value of contribution regardless of profit or loss. The standards of domestic and international peers are equally taken into consideration.

Articles of Incorporation Article 20：Non-independent directors are allowed to concurrently hold other positions of the Company. Their remuneration shall be authorized by the Board of Directors to the managers in accordance with the internal management measures of the Company.

Articles of Incorporation Article 28-1：The Company's individual consolidated income statement for the year shows profit prior to calculating the employees' remuneration, 2% of the profit shall be added to the employees' remuneration. The aforementioned profit refers to the net profit before tax minus the benefits before the employee is paid. In case of accumulated loss, the Company shall retain figures to make up for the loss, and then allocate incentives according to the aforementioned Article.

The aforementioned employee benefits are to be issued in the form of shares or cash. Approval for such benefits should be passed by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members. The results should be reported during the Shareholder's Meeting.

Articles of Incorporation Article 29：If there is a surplus after the final settlement of the Company's annual accounts, the loss shall first be made up according to law, and 10% shall be appropriated as legal capital reserve. However, this is not applicable when the legal capital reserve has reached the paid-in capital. After the legal capital reserve has been listed or transferred in accordance with the law or regulations of the competent authorities, the balance is the surplus that can be distributed in the current year. When the annual distributable surplus, together with the accumulated undistributed surplus at the beginning of the period is distributed as an available surplus, it is distributed according to the following principles:

I.The Company is part of the technology industry. In order to improve the financial structure of the Company, the status of operating surplus and the need to expand the scale of operations in the future, it is planned to adopt the remaining dividend policy to improve growth and sustainable operation of the Company.

II. The Company's current and future investment environment, capital needs, profitability, domestic and international competitiveness, and capital budget, etc., are proposed by the Board of Directors for surplus distribution and decided by the shareholders' meeting. When distributing the surplus, the available surplus' amount shall not be less than 10% of the distributable surplus for the year.

III. The distribution of the Company's surplus can be paid in cash or in stock. The proportion of cash distribution shall not be less than 50% of the total dividend.

4.1.8.2 The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period：No difference.

4.1.8.3 Remuneration distribution resolved by the Board of Directors

I. Recommended Distribution of remuneration of Employee and Directors
Proposed remuneration to employee is NT$107,348,783 in cash and no remuneration to Directors.
No difference between actual and estimated remuneration to employees and remuneration to directors.

II. Proposed stock based remuneration to employees as a percentage of total employee remuneration and of net income from standalone financial report：No stock based remuneration was distributed in 2023.

4.1.8.4 Information of 2021 Distribution of Compensation of Employees and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director compensation, additionally the discrepancy, cause, and how it is treated.

I. Distribution of remuneration to employee is NT$196,604,600 in Cash resolved by the Annual Shareholders Meeting in 2023.

II. No remuneration to Directors
No difference between actual and estimated remuneration to employee and remuneration to directors

4.1.9 B**uyback of Treasury Stock：None**.

4.2 Corporate Bonds、Convertible Bonds、Exchangeable Bonds、Shelf Registration for Issuing Bonds 、 Corporate Bonds with Warrants：None.

4.3 Preferred Share and Preferred Share with Warrants：None.

4.4 Global Depository Receipts：None.

4.5 Employee Stock Options：None.

4.6 Issuance of New Restricted Employee Shares：None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions：None.

4.8 Financing Plans and Implementation：None.

V. Operation Highlights

5.1 Business Activities

5.1.1 Business Scope

Compeq has been devoted in the production of PCBs (Printed Circuit Boards) related industrial field. Be a key component of various electronic products, PCBs act as a carrier for electronic components and the interconnection between components. Compeq's major products include regular multi-layer PCB, H.D.I. (High Density Interconnection), H.L.C. (High Layer Count), F.P.C. (Flexible PCB) and Rigid-Flex PCB; in the meantime, Compeq also provides the service of module assembly to customer.

5.1.2 Industry Overview

The electronics industry has faced another disappointment for the second year in a row in 2023. The endless war between Ukraine and Russia, the tensions between Israel-Hamas, the ongoing high inflation, and the continuous global interest rate hikes has formed a negative impact on the global economy and the electronics industry. In 2023, the electronics industry has seen a decrease of 0.4%, although a slight improvement compared to 2022, a decrease of 2.1%. The industry remained unable to reverse the downward trend.

During the first half of 2023, the PCB industry has witnessed a plummeting average unit price due to continued weak demand and excess inventory in the PC, mobile phone, and TV markets, posing major challenges to the entire electronics industry. Encouragingly, the PCB performance of servers, new energy vehicles, and AI-related products has been relatively impressive, resulting in a less pronounced decline in the overall PCB industry than anticipated

Continuing onwards from the low base period in 2023, most electronic products, except for TVs, are expected to grow in 2024, particularly in aerospace, industrial, automotive electronics. Overall, AI is considered to be the primary driver of growth in the electronics industry, mainly in PCs, mobile phones, servers and other products. According to Research Institutes, NB and PC are expected to grow by 5%; mobile phone by 4%; and the server market by 6%. The research Institute Prismark expects the electronics market to grow by 6% in 2024.

The PCB industry has seen increased demand in data centers, high-speed transmission, and consumer electronics, largely attributed to the emergence of AI technology. The Prismark report expects that the first quarter of 2024 will return to positive year-to-year growth, due to the low base period, with the PCB market projected to grow by 5% in 2024.

5.1.3 Research & Development

A. R&D Expenditure for the Past Five Years

Year	2019	2020	2021	2022	2023
Expenditure (NT$ 1,000)	2,026,007	2,404,953	2,401,545	2,688,774	2,551,795

B. R&D Items and Achievements

a. Product Development

- Flex Tent & Etch fine line 25/25um~30/30um.
- Finish SiP product development & preparation
- Finish mSAP fine line product development & preparation
- Finish satellite/Data Center/communication new products development & preparation for new technology & materials needed

b. Process Development

- Competed the establishment of mSAP product production capacity in China.
- Competed issue panel and flash out size，lamination recipe to meet customer spec.
- Completed High layers≧34L lamination、mechanical drilling、plating and resin plug hole relative process setup
- AOI process AI evaluation & setup
- Finish Coreless / Core mSAP technology development & preparation
- Finish Smart Factory first stage(Smart Device) development & set up
- Finish embedded coin + cavity process module development

c. Equipment Setup

- Completed RCC prepress Auto cutting and vacuum lamination equipment setup for mass production preparation
- Completed Core 2DID laser marking manufacturing table and system in for golden line for mass production preparation
- Completed thin copper foil cleaner machine setup
- new gerneration ESI CO2 laser survey and set up
- Completed Tailand Facotry equipment evaluation
- High resolusion AVI setup
- Completed rigid-flex board PSA adhesive machine temperature and pressure continuosly monitor

d. Material Development

- Completed RCC IQC items：code、UL approval、lamination recipe、dielectric thickness and pass reliability TV
- Completed the BT material 1010PP resin raw material lamination and pass reliablity requiremen
- Continue evaluation of Extra & Ultra low loss materials
- Continue evaluation of Very low profile Copper foil

C. Future R&D Projects

a. Research & Development of Product

- mSAP fine line new product implement
- Satellite/Data Center/communication new products continuous development & impliment

b. Research & Development of Production Processes

- Thermal Bar product capability development
- 0.2 mm X-via process capability development t
- Smart Factory second stage(Smart Production) development & set up
- Hole in hole process capability development & integration

c. Equipment Setup

- Auto-lay up setup
- The single X-ray machine evaluation
- Tailand factory equipment setup
- Start to evaluate 2 or 4 heating，single or multi working table head heat-bonding machine
- Resin plug hole AOI technology development
- The high-precision back drilling capability improvement equipment and detection technology development

d. Research & Development of Material

- New RCC material evaluation
- R & D stage material management system setup of
- T Continue evaluation new material and mixed material and UL approval.

We expect the R&D Expenditure is NTD 2~2.5 billion in 2024.

5.1.4 Long/Short Term Business Development Plans

Regarding short-term business development plans, Compeq will continue to consolidate its mainstream consumer products such as smartphones, tablets and personal computers (including AI mobile phones, AI PCs, and wearable products), as well as actively develop major growth driver products, including data center and high-speed transmission products (AI Server, high-speed network communications, 5G base stations, etc.), satellite communication equipment products (space satellites, ground receiving stations), and automotive electronic products (such as autonomous driving, smart cockpits). Compeq has adopted a full product line service strategy for high-density circuit boards (HDI), high-level circuit boards (HLC), general multi-layer circuit boards, flexible circuit boards (FPC), soft and hard boards (Rigid-Flex PCB) along with product manufacturing (SMT). The company will continue to invest in the technological development of such product lines.

From the perspective of long-term business development plan, Compeq’s strategy is to maintain its existing mainstream products while actively develop products that will serve as the main growth drivers in the future. The company will continue to invest in R&D, production and customer service to provide customers with the best quality circuits board-related products and services. Compeq will invest resources at the appropriate time to develop and provide customer-related products and services.

5.2 Markets and Supply Overview

5.2.1 Market Analysis

A. Data center and high-speed transmission products：

Affected by the slow economic recovery in 2023, enterprises' expenditure on demand for servers and network communication-related equipment has slowed down. Although spending on AI server-related products increased in the second half of the year, it still declined throughout the year. Market research agency

TrendForce estimates that shipments in 2023 will be approximately US$200 billion, a decrease of approximately 4.8% from 2022.

Looking forward to 2024, shipment demand is expected to rebound, primarily due to the low base period in 2023. Despite this, the economic outlook remains uncertain and the expected growth is limited. Market research agency TrendForce estimates that global server shipments will grow by about 2.3% in 2024, and AI-related servers are expected to grow by 40%.

B. Satellite communication equipment products：

Future Market Insights said The global small satellite market is projected to grow from 5,944.1 million in 2024 to 19,443.8 million by 2034, propel by advancements in satellite technology, expansion of communication networks and rising demand for earth observation. With a CAGR of 12.7%, the market will experience adoption across different sectors such as military intelligence, communication and scientific research to enhance global connectivity and data-driven decision-making.

Small satellites serve various sectors such as military intelligence, communication and scientific research. It helps to enhancing earth observation capabilities, expanding global communication networks and supporting space exploration. These satellites optimize data collection to streamline mission operations and improve accessibility to space technology.

Orbit type category includes low earth orbit (LEO), medium earth orbit (MEO) and geosynchronous orbit (GEO). LEO satellites orbit altitudes ranging 160 to 2,000 kilometers above Earth offers closer to the surface. This allows high-resolution imaging and faster data transmission making ideal for applications such as environmental monitoring, disaster management and global internet coverage. The lower latency compared to higher orbits enhances effectiveness of communication and remote sensing missions. Low Earth Orbit is accounted to register 79.6% value share for global small satellite market.

Global LEO satellite market size was USD 5.43 billion in 2024 and market is projected to touch USD 25.66 billion by 2032, exhibiting a CAGR of 21.4% during the forecast period.

C. Automotive electronics：

For the past few years, automotive electronics has been one of the highlights in the electronics industry, maintaining a stable positive growth of 5-10%.

Intelligence and electrification are the two major trends in vehicles. Autonomous driving level is shifting from Level 1 to Level 2/Level 2+. Level 2 has become the mainstream of today’s automobiles and is the main driving force for the self-driving automobile market. It is also the main product growth drivers for ADAS (Advanced driving assistance system).

According to the statistics from DIGITIMES Research, electric vehicle sales in 2023 will be 14.22 million units, an increase of 39% from 2022, accounting for 23% of overall vehicle sales. Looking forward to 2024, as the economy recovers, the demand for car purchases and replacements will also continue to grow. With the continue trend for electric vehicles, it is estimated that 16 million vehicles will be sold in 2024, a growth rate of approximately 12.5%.

D. Mobile phone：

Smartphones has experienced a sluggish year in 2023. Throughout the first half of the year, sales were affected mainly due to the poor economy and high inventories. As for the second half of the year, with economic activities showing a recovery trend in most regions around the world, the overall shipments declined more than market expectations. According to a report released by the International Data Corporation (IDC), smartphone shipments in 2023 are approximately 1.17 billion units, a 3.2% decrease from 2022.

Looking forward to 2024, the mobile phone market demand is expect to show a growth rate of single-digits as consumers gradually extend their mobile phone replacement cycles. However, the demand for high-end products such as foldable smartphones and AI smartphones is expected to continue to increase. Gartner expects AI phone shipments to reach 240 million units in 2024, while overall global smartphone shipments will be approximately 1.21 billion units, a 3.3% increase from 2023.

E. Tablets and laptops：

According to statistics from International Data Corporation (IDC) and DIGITIMES Research, 2023 global tablet and laptop shipments will be approximately 135 million units, a 10% decrease from 2022, and notebook computer shipments will be 166 million units, a 12% decrease from 2022. The replacement cycle after the sales peak during the epidemic has not yet commenced, and the implementation of a new processor platform for notebooks has not yet been put in place. Brand owners lack the momentum to ship new products, so shipments throughout the year are still declining.

In 2024, China and India is expected to be the main markets for promoting the popularity of tablets and laptops in 2024. Coupled with the launches of AI applications in PC products, this will help reverse the stagnation prevailing in other parts of the world. Statista predicts that global tablet shipments in 2024 will be 136 million units, roughly the same as in 2023. Market research institutions TrendForce and Gartner estimate that notebook computer shipments will be 172 million units in 2023, with overall shipments growing 3.6% compared to 2023. Among them, AI PC is estimated to be 55 million units, with a growth rate of 220%

5.2.2 Applications and Production Flow of Major Products

A. Application of main products

The main applications of PCBs manufactured by Compeq can be categorized into four major segments:

a. Data centers and high-speed transmission

The main products are servers, AI Servers, routers, switches, base stations and other network-related equipment.

b. Space satellite communications

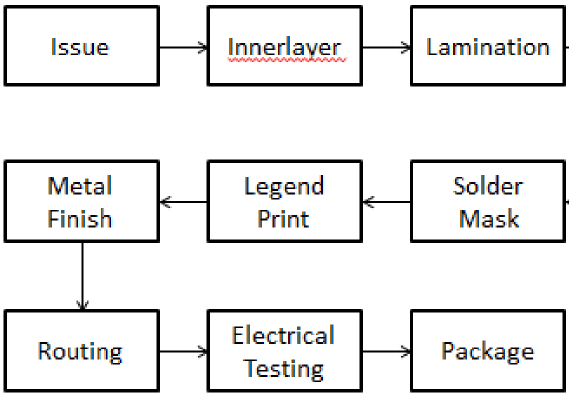
The main products are communication-related equipment such as space satellites and ground reception.

c. Automotive electronic related PCBs

The main products are autonomous driving, smart cockpit and related peripheral products.

d. Smartphone/computer/consumer electronics circuit boards related PCBs
The main products are smartphones, AI phones, notebook computers, AI PCs, tablets, desktop computers and related peripheral products, TWS, AR/VR, wearable devices and other portable audio and video products.

B. Manufacturing process of the major products
The major products of Compeq are printed circuit boards (PCB). The basic production process for rigid PCBs is shown as below.



5.2.3 Major Supplies and Material Market Situation

A. The key material of PCB are Laminate / Prepreg/Copper foil/Dry Film and various plating chemistry. The supplier of Compeq are famous companies in each field and has set up a long term relationship and stable supply channel with Compeq.

B. The price of PCB key material fluctuated in 2023 due to metal and industrial chemicals price fluctuation and unbalance of demand-supply on PCB key material . It's expected the key material price will be still affected by the demand of the market and the metal and industrial chemicals market price fluctuation.

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Item	2022				2023			
	Company Name	Amount	Percent	Relation With Issuer	Company Name	Amount	Percent	Relation With Issuer
	Others	32,409,067	100%	None	Others	27,782,377	100%	None
	Net Total Supplies	32,409,067	100%		Net Total Supplies	27,782,377	100%	

B. Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

Item	2022				2023			
	Company Name	Amount	Percent	Relation With Issuer	Company Name	Amount	Percent	Relation With Issuer
1	I	29,171,011	38	None	I	21,336,588	32	None
	Others	47,248,397	62	None	Others	45,742,185	68	None
	Net Sales	76,419,408	100		Net Sales	67,078,883	100	

5.2.5 The Production of the Last Two Years

Volume unit：1,000 square foot；value unit：NT$ 1,000

Major Products	2022			2023		
	Capacity	Production volume	Output value	Capacity	Production volume	Output value
PCB	32,000	29,791	44,575,943	32,000	26,193	40,806,795
SMT	—	—	20,673,783	—	—	18,605,227
Total	32,000	29,791	65,249,726	32,000	26,193	59,412,022

5.2.6 The Sales of the Last Two Years

Volume unit：1,000 square foot；value unit ：NT$ 1,000

	2022				2023			
	Domestic		Export		Domestic		Export	
	Sales Volume	Sales Amount	Sales Volume	Sales Amount	Sales Volume	Sales Amount	Sales Volume	Sales Amount
PCB	790	1,887,002	24,559	54,393,330	1,010	2,420,584	22,279	45,065,460
SMT	—	—	—	19,323,411	—	—	—	19,482,133
Others	—	36,551	—	779,114	—	109,711	—	885
Total	790	1,923,553	24,559	74,495,855	1,010	2,530,295	22,279	64,548,478

5.3 Breakdown Employee Data for the Past Two Years

Year		2022	2023	As of Feb 29 2024
Employees	Direct labor	17,494	16,908	15,709
	Indirect labor	2,934	3,037	3,024
	Total	20,428	19,945	18,733
Average Age		35.5	35.2	35.5
Average Years of Service		6.6	7.2	7.5
Educational Background	Ph. D.	4(0.02%)	3(0.02%)	3(0.02%)
	Master	241(1.2%)	235(1.2%)	237(1.3%)
	Associate / Baccalaureate	6,049(29.6%)	6,408(32.1%)	6,013(32.1%)
	Senior High School	3,596(17.6%)	3,523(17.7%)	3,372(18.0%)
	Junior High School	10,541(51.6%)	9,776(49.0%)	9,108(48.6%)

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

Item \ Year	2022	2023	As of Feb 29 2024
Status of pollution (type & extent)	None	None	Abnormal water pH value
Punishment imposed by or penalties paid to	None	None	Taoyuan City Government
Penalties	None	None	TWD108 thousand
Other losses	None	None	None

5.4.2 Countermeasures：We have conducted investigations into high-risk areas surrounding our factories and have completed necessary improvements

5.4.3 Forecast of Environmental Expenditure for the year of 2024 &2025

Item \ Year	2024	2025
Procurement of environmental control equipment	(1) Improvement of wastewater treatment efficiency. (2) Enhancement of waste minimization within plants & waste recovery (3)Soil and groundwater pollution prevention	(1) Improvement of wastewater treatment efficiency. (2) Enhancement of waste minimization within plants & waste recovery (3)Soil and groundwater pollution prevention
Predicted status improvement	Compliance with government regulation & production cost reduction.	Compliance with government regulation & production cost reduction.
Amount	NT $ 20,000 thousand	NT $ 20,000 thousand

5.5 Employees Relations

5.5.1 The Group's various employee benefit measures, education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights protection measures.

A. Compeq values employee benefits and employee education and always follows the related labor laws to protect employees' rights and interests.

a. Employee Benefits: Compeq exercises annual bonus for employees. We also provide free meals, accommodations, shuttle bus, and night taxi delivery services, all kinds of associations, family day, and subsidies for holidays or special events.

b. Employee Education and Training: Headquarter and each site have departments specialized in employee training. Compeq arranges and organizes different training programs for different types of job, and encourages employees to participate advanced study programs.

c. Retirement: Compeq provides employee retirement pension plans that comply with labor laws and regulations and periodically allocate reserved funds to employees' retirement accounts.

B. Compeq actively set up in a variety of internal communication channels, such as employees' suggestion box, complaints E-mail, complaints phone which can contact with HR, union representatives and so on. In the other hand, Labor-Management Meeting held each quarter. We encourage employees can use the Communication channels to react issues. Because of the sound organization of the labor union and the smooth internal communication channels, Compeq has never had any major labor disputes.

a. Labor Union**:** The labor union, organized by all Compeq employees, has its own governors/supervisors and managing governors/supervisors to serve a term of four years, and hold meetings each quarter. The labor union is well organized and operated smoothly.

b. Communication Channels**:** In addition to the labor union, Compeq also sets up channels for suggestions and complete petition systems in each department. Supervisors are also required to identify problems proactively. Therefore, most labor issues are resolved through prior and adequate communication and consultation.

C. In addition to our continued adherence to the principles of sincere and honest communication in formulating our labor policy, we will also take the following actions to create a win-win situation for both the company and the employees.

a. Comply with the Labor Standards Act and other related regulations to ensure maximum protection for the employees.

b. Initiative to invite the workers' representatives to participate in the formulation of all labor-related management system.

c. Adequately disseminate information about the company's operating status and major actions in advance to ensure the full understanding and support of the employees.

5.5.2 Losses sustained due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specify the date of the penalty, letter number, article violated, provision violated, details of the penalty) in the most recent year and up to the printing date of the annual report, and disclose current and future estimated amount and response measures; if it cannot be reasonably estimated, describe the facts that it cannot be reasonably estimate: The Company did not sustain any losses due to employer-employee disputes in the most recent year and up to the annual report publication date.

5.6 Information security management：

5.6.1. COMPEQ has introduced the international standard ISO27001 information security management system in 2021 and obtained certification. It has been reviewed and passed every year until 2023.

5.6.2. In order to ensure the promotion of internal information security management matters within the company, an appropriate management structure has been established to review information security policies, assign security responsibilities, reduce corporate information security threats from the system, technical and procedural levels , and establish information security that meets customer needs. Protect the environment and continuously carry out the " Plan- > Implement- > Check- > Action " cycle for continuous improvement.

Information security management system information security organizational structure is as follows

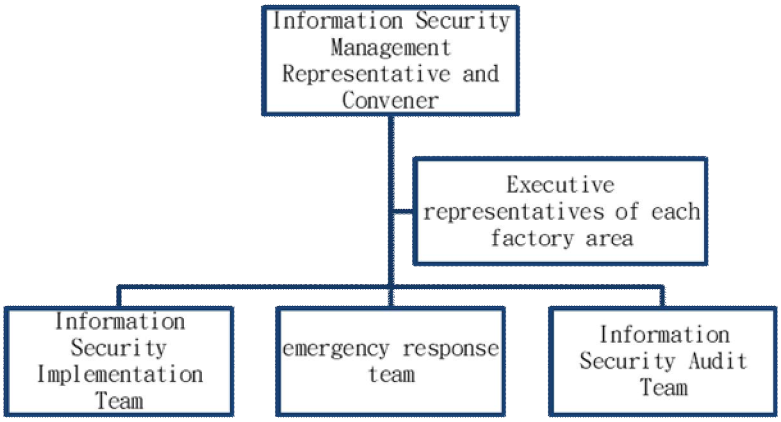
A. Information security management representative and convener , who is the top manager of the company's information unit (information security chief) , is responsible for reviewing information security policy management measures, technical specifications research , establishment, resource assessment and other related matters, regularly every year or Convene meetings as necessary to review matters related to information security management.

B. The executive representatives of each factory are appointed by the top managers of the company's information unit . They are responsible for coordinating the "information security execution team" and the "emergency response team" to perform information security-related operations, early warning and monitoring of information security conditions, and Handle information security incidents.

C. Information security execution team , composed of personnel designated by the executive representatives of each factory area, is responsible for formulating relevant specifications for information security management, promoting information security-related activities, and implementing audit improvement recommendations.

D. The emergency response team is composed of personnel designated by the executive representatives of each factory. When a major information security incident occurs, it is responsible for coordinating and supervising the execution of operations by those responsible for key business processes, and coordinating the deployment of resources for rapid recovery.

E. The information security audit team, appointed by the information security management representative and convener, is responsible for auditing the implementation of the information security management system.



5.6.3. In order to ensure the confidentiality, integrity and availability of the information assets belonging to the company and each factory, to comply with the requirements of relevant laws and regulations, and to protect them from internal and external deliberate or accidental threats, and to consider the company and its Based on business needs, the information security policy is formulated as follows：

A. Information Security Objectives

a. Protect the security of the business services of the company and each factory, and ensure that information can only be accessed by authorized personnel to protect the rights and interests of customers, maintain customer information, and ensure its confidentiality.

b. Protect the security of the company and each factory’s business services and avoid unauthorized modifications to ensure their accuracy and completeness.

c. Establish an operation continuity plan for the company and each factory to ensure the continued operation of the company's business services.

B. In order to achieve the goal of information security , management must be carried out in accordance with the ISMS information security system . The management scope covers 14 management areas to avoid improper use, leakage, tampering, destruction, etc. of data due to human negligence, intentional or natural disasters and other factors. occurrence, causing various possible risks and hazards to the company and various factories. Each management area is described as follows:

a. Information security policy formulation and evaluation.

b. Information Security Organization.

c. Human resources safety management.
d. information asset management.
e. access control security management.
f. Cryptographic security management.
g. Physical and environmental safety management.
h. Operational safety management.
i. Communication security management.
j. System acquisition, development and maintenance security management.
k. supplier security management.
l. Information security incident management.
m. Safety aspect of continuous operation management.
n. compliance management

5.6.4. Invest resources in information security management.

A. certification : Passed ISO27001 information security certification, the latest validity period is 2024/5 .

B. Establish an information security organization: responsible for the company's information security system planning, technology introduction and related audit matters, in order to maintain and continuously strengthen information security.

C. Customer satisfaction: Passed customer audit, no major information security incidents .

D. Conduct regular information security education and training every year, and regularly promote information security precautions every month .

E. Information security budget preparation: The annual information security budget is tens of millions, including anti-virus systems, EDR, vulnerability scanning, penetration testing , hardware updates, manufacturer maintenance, ISO27001 review ... etc.

F. Join the government information security joint defense organization " Taiwan CERT/CSIRT Alliance " and TPCA Information Security Exchange Conference , participate in training courses and receive information security notifications .

G. New information security knowledge : Participate in information security briefings of information security vendors , Taiwan Information Security Conference , etc.

5.6.5. In the most recent year and as of the publication date of the annual report, the Company has not had any significant impact on financial business due to major information security incidents.

5.7 Important Contracts：None.

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

A. Condensed Balance Sheet (Consolidated)

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		33,666,145	35,525,270	37,184,729	42,388,296	42,111,795
Property, Plant and Equipment		25,955,350	28,887,623	33,278,975	35,740,711	35,364,104
Intangible assets		105,560	109,446	119,424	160,782	272,029
Other assets		1,524,412	1,873,277	1,409,772	1,532,739	1,361,110
Total assets		61,251,467	66,395,616	71,992,900	79,822,528	79,109,038
Current liabilities	Before distribution	17,976,812	19,145,901	20,886,672	22,772,697	24,035,164
	After distribution	19,406,997	20,933,632	23,031,949	25,990,613	25,822,895
Non-current liabilities		17,519,724	18,103,144	18,739,800	18,332,943	15,821,305
Total liabilities	Before distribution	35,496,536	37,249,045	39,626,472	41,105,640	39,856,469
	After distribution	36,926,721	39,036,776	41,771,749	44,323,556	41,644,200
Equity attributable to shareholders of the parent		25,754,931	29,146,571	32,366,428	38,716,888	39,252,569
Capital stock		11,918,206	11,918,206	11,918,206	11,918,206	11,918,206
Capital surplus		1,016,898	1,060,226	1,060,226	1,060,226	1,060,226
Retained earnings	Before distribution	13,240,799	16,394,606	19,739,392	25,693,999	26,614,354
	After distribution	11,810,614	14,606,875	17,594,115	22,476,083	24,826,623
Other equity interest		(420,972)	(226,467)	(351,396)	44,457	(340,217)
Treasury stock		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	25,754,931	29,146,571	32,366,428	38,716,888	39,252,569
	After distribution	24,324,746	27,358,840	30,221,151	35,498,972	37,464,838

B. Condensed Balance Sheet (Unconsolidated)

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		16,272,891	16,327,586	18,160,991	21,195,730	19,737,554
Property, Plant and Equipment		8,442,313	8,866,257	9,021,716	8,828,335	8,105,097
Intangible assets		39,564	31,072	22,649	23,369	37,435
Other assets		21,159,124	23,121,430	25,207,224	29,360,210	31,325,731
Total assets		45,913,892	48,346,345	52,412,580	59,407,644	59,205,817
Current liabilities	Before distribution	10,335,208	8,987,812	10,309,862	11,932,620	11,322,595
	After distribution	11,765,393	10,775,543	12,455,139	15,150,536	13,110,326
Non-current liabilities		9,823,753	10,211,962	9,736,290	8,758,136	8,630,653
Total liabilities	Before distribution	20,158,961	19,199,774	20,046,152	20,690,756	19,953,248
	After distribution	21,589,146	20,987,505	22,191,429	23,908,672	21,740,979
Equity attributable to shareholders of the parent		25,754,931	29,146,571	32,366,428	38,716,888	39,252,659
Capital stock		11,918,206	11,918,206	11,918,206	11,918,206	11,918,206
Capital surplus		1,016,898	1,060,226	1,060,229	1,060,226	1,060,226
Retained earnings	Before distribution	13,240,799	16,394,606	19,739,392	25,693,999	26,614,354
	After distribution	11,810,614	14,606,875	17,594,115	22,476,083	24,826,623
Other equity interest		(420,972)	(226,467)	(351,396)	44,457	(340,217)
Treasury stock		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	25,754,931	29,146,571	32,366,428	38,716,888	39,252,659
	After distribution	24,324,746	27,358,840	30,221,151	35,498,972	37,464,838

6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

A. Condensed Statement of Comprehensive Income (Consolidated)

Item \ Year	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	56,174,889	60,516,929	63,053,656	76,419,408	67,078,773
Gross profit	9,998,272	11,003,021	11,407,901	15,448,897	10,126,797
Income from operations	6,143,891	6,637,749	6,814,694	10,122,039	5,218,779
Non-operating income and expenses	(577,084)	(385,404)	(84,095)	14,185	53,621
Income before tax	5,566,807	6,252,345	6,730,599	10,136,224	5,272,400
Net Income from Continuing Operation	3,822,418	4,664,701	5,140,037	8,000,977	4,168,375
Net income (Loss)	3,822,418	4,664,701	5,140,037	8,000,977	4,168,375
Other comprehensive income (income after tax)	(606,323)	113,796	(132,449)	494,760	(414,778)
Total comprehensive income	3,216,095	4,778,497	5,007,588	8,495,737	3,753,597
Net income attributable to shareholders of the parent	3,822,418	4,664,701	5,140,037	8,000,977	4,168,375
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Shareholders of the parent	3,216,095	4,778,497	5,007,588	8,000,977	4,168,375
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	3.21	3.91	4.31	6.71	3.50

B. Condensed Statement of Comprehensive Income (Unconsolidated)

Item \ Year	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	39,161,553	35,476,876	33,218,112	41,005,039	33,848,845
Gross profit	3,288,514	4,601,468	5,640,576	7,479,127	5,896,160
Income from operations	1,807,112	2,842,862	3,802,735	5,260,252	4,053,486
Non-operating income	3,033,559	2,881,312	2,571,958	4,373,374	1,206,604
Non-operating expenses	4,840,671	5,724,174	6,374,693	9,633,626	5,260,090
Net Income from Continuing Operation	3,822,418	4,664,701	5,140,037	8,000,977	4,168,375
Net income (Loss)	3,822,418	4,664,701	5,140,037	8,000,977	4,168,375
Other comprehensive income (income after tax)	(606,323)	113,796	(132,449)	494,760	(414,778)
Total comprehensive income	3,822,418	4,664,701	5,007,588	8,495,737	3,753,597
Earnings per share	3.21	3.91	4.31	6.71	3.50

6.1.3 Auditors' Opinions from 2018 to 2022

Year	CPA	Audit Opinion
2019	Hung-Shun Ting & Hsien-Hsiu Cheng	An Unqualified Opinion
2020	Hung-Shun Ting & Hsien-Hsiu Cheng	An Unqualified Opinion
2021	Hsin-Liang Wu & Hsien-Hsiu Cheng	An Unqualified Opinion
2022	Hsin-Liang Wu & Tseng, Kuo-Fu	An Unqualified Opinion
2023	Hsin-Liang Wu & Tseng, Kuo-Fu	An Unqualified Opinion

6.2 Five-Year Financial Analysis

6.2.1. Consolidated Financial Analysis –Consolidated

Item	Year	Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	57.95	56.10	55.04	51.50	50.38
	Ratio of long-term capital to property, plant and equipment	166.73	163.56	153.57	159.62	155.73
Solvency (%)	Current ratio	187.28	185.55	178.03	186.14	175.21
	Quick ratio	142.38	141.07	130.83	139.97	139.56
	Interest earned ratio (times)	12.91	18.36	27.85	28.35	10.78
Operating performance	Accounts receivable turnover (times)	3.98	4.17	4.24	4.75	4.02
	Average collection period	92	88	86	77	91
	Inventory turnover (times)	6.39	6.43	6.03	6.33	6.30
	Accounts payable turnover (times)	4.71	4.70	4.62	5.24	4.47
	Average days in sales	57	57	60	58	58
	Property, plant and equipment turnover (times)	2.12	2.21	2.03	2.21	1.89
	Total assets turnover (times)	0.94	0.95	0.91	1.01	0.84
Profitability	Return on total assets (%)	7.06	7.75	7.73	11.01	5.82
	Return on stockholders' equity (%)	15.52	16.99	16.71	22.51	10.69
	Pre-tax income to paid-in capital (%)	46.71	52.46	56.47	85.05	44.24
	Profit ratio (%)	6.80	7.71	8.15	10.47	6.21
	Earnings per share (NT$)	3.21	3.91	4.31	6.71	3.50
Cash flow	Cash flow ratio (%)	42.88	44.99	42.97	60.05	43.48
	Cash flow adequacy ratio (%)	93.02	97.59	94.30	100.92	108.31
	Cash reinvestment ratio (%)	9.07	9.03	8.31	11.92	13.20
Leverage	Operating leverage	2.92	3.13	2.88	2.67	4.15
	Financial leverage	1.08	1.06	1.04	1.05	1.12

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

1. Interest earned ratio (times): Decreased pre-tax profits and increased interest expenses in 2023.
2. Return on total assets: Decreased profits in 2023.
3. Return on stockholders' equity: Decreased profits in 2023.
4. Pre-tax income to paid-in capital: Decreased profits in 2023.
5. Profit ratio: Decreased profits in 2023.
6. Earnings per share: Decreased profits in 2023.
7. Cash flow ratio: Decreased net cash inflows from operating activities in 2023.
8. Cash reinvestment ratio: Decreased net cash inflows from operating activities in 2023.
9. Operating leverage: Decreased operating income in 2023.

Note: Equations:

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Average Collection Turnover = Net Sales / Average Trade Receivables
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (5) Average Payment Turnover = Cost of Sales / Average Trade Payables
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity Attributable to Shareholders of the Parent = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent
   (3) Operating Income to Paid-in Capital Ratio= Operating Income / Paid-in Capital
   (4) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
   (5) Net Margin = Net Income / Net Sales
   (6) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends)/ (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.2.2. Consolidated Financial Analysis –Unconsolidated

Item	Year	2019	2020	2021	2022	2023
		Financial Analysis for the Last Five Years				
Financial structure (%)	Debt Ratio	43.91	39.71	38.25	34.83	33.70
	Ratio of long-term capital to property, plant and equipment	421.43	443.91	466.68	537.76	590.78
Solvency (%)	Current ratio	157.45	181.66	176.15	177.63	174.32
	Quick ratio	138.06	154.06	145.02	151.17	151.57
	Interest earned ratio (times)	36.66	48.60	66.61	115.89	65.41
Operating performance	Accounts receivable turnover (times)	4.53	4.36	4.30	5.13	4.26
	Average collection period	81	84	85.	71	86
	Inventory turnover (times)	19.81	14.19	9.89	10.79	10.05
	Accounts payable turnover (times)	5.30	5.13	4.95	5.33	4.23
	Average days in sales	18	26	37	34	36
	Property, plant and equipment turnover (times)	4.51	4.10	3.71	4.59	4.00
	Total assets turnover (times)	0.88	0.75	0.66	0.73	0.57
Profitability	Return on total assets (%)	8.87	10.10	10.36	14.44	7.14
	Return on stockholders' equity (%)	15.52	16.99	16.71	22.51	10.69
	Pre-tax income to paid-in capital (%)	40.62	48.03	53.49	80.83	44.13
	Profit ratio (%)	9.76	13.15	15.47	19.51	12.31
	Earnings per share (NT$)	3.21	3.91	4.31	6.71	3.50
Cash flow	Cash flow ratio (%)	24.87	27.14	42.60	57.52	51.84
	Cash flow adequacy ratio (%)	103.86	84.78	89.89	106.88	124.52
	Cash reinvestment ratio (%)	3.23	1.84	4.47	7.30	4.00
Leverage	Operating leverage	3.99	2.35	2.21	1.72	1.66
	Financial leverage	1.08	1.04	1.03	1.02	1.02

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

1. Interest earned ratio (times): Decrease in pre-tax profits and increase in interest expenses in 2023.
2. Average collection period: Decrease in sales revenue in 2023.
3. Accounts payable turnover (times): Decrease in cost of goods sold in 2023.
4. Total assets turnover (times): Decrease in sales revenue in 2023.
5. Return on total assets: Decrease in profits in 2023.
6. Return on stockholders' equity: Decrease in profits in 2023.
7. Pre-tax income to paid-in capital: Decrease in profits in 2023.
8. Profit ratio: Decrease in profits in 2023.
9. Earnings per share: Decrease in profits in 2023.
10. Cash reinvestment ratio: Decrease in net cash inflows from operating activities in 2023.

6.3 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings.The CPA firm of Baker Tilly Clock & Co was retained to audit COMPEQ Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of COMPEQ MANUFACTURING CO.,LTD. According to relevant requirements Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

COMPEQ MANUFACTURING CO., LTD.

Chairman of the Audit Committee:
Teng Ling Liu

On the date of March 7, 2024

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

COMPEQ MANUFACTURING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Address: No. 91, Ln. 814, Daxin Rd., Shin-juang Vil. Luzhu Dist.,
Taoyuan City, Taiwan, R.O.C.

Phone : (886-3) 323-1111

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Compeq Manufacturing Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Compeq Manufacturing Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

COMPEQ MANUFACTURING CO., LTD.

By

P. K. Chiang

Chairman

March 7, 2024

INDEPENDENT AUDITORS' REPORT

NO.00151120ECA

To the Board of Directors of Compeq Manufacturing Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Compeq Manufacturing Co., Ltd. and its subsidiaries (collectively referred to as “the Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 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.

Key audit matters for the Company’s consolidated financial statements for the year ended December 31,2023 are explained as follows:

Revenue recognition from shipping warehouses

Description of the key audit matter

Refer to note 4(14) and 6(18) of the consolidated financial statements for the information relating to revenue recognition.

The Company's sales come in two types of direct shipping from factories and shipping from warehouses, revenue is recognized on the transfer of control of the products on an individual sales contract basis. In which the revenue from shipping warehouses is recognized when the customer picks up the products. The Company mainly recognizes its revenue in accordance with the statements or other information provided by the custodians of shipping warehouses and reconciliation with any change in recorded inventory. Given that the shipping warehouses spread many regions and the sales terms for each major customer also vary, such revenue recognition process often involves a lot of labor in operation, which is likely to result in inappropriate timing to recognize the revenue or inconsistence between physical quantity and recorded quantity of the inventory in custody. On the other hand, it requires both parties' labor judgment to determine if a shipment meets the terms for customer's acquisition of products control right and such risk is the major measurement index adopted by the report users. As such, the deadline of the recognition of the revenue of the products sold from shipping warehouses is listed as one of the key audit matters.

How the matter was addressed in our audit

We performed the following audit procedures in respect of the above key audit matter:

1. Understand and assess the propriety of the accounting policy for revenue recognition, and evaluate and test the internal control in relation to the timing of revenue recognition.

2. Implement the deadline test for the revenue from shipping warehouses in the periods before or after the balance sheet date, and check if customer account statement data, change in recorded inventory, revenue and cost carry-over were recorded at appropriate times.

3. Execute document enquiry or field stock-taking observation for the quantity of inventory in shipping warehouses, and check as well as reconcile the warehouse inventory quantity with the recorded inventory quantity. In case of any inconsistence with the recorded inventory quantity found from the enquiry response or stock-taking observation, the reasons for the inconsistence will be investigated and the test for the reconciliation items shall be executed, so as to confirm if material differences are properly adjusted and recorded.

Evaluation of allowance for loss on reduction of inventory to market

Description of the key audit matter

Refer to note 4(8), 5(2) and 6(4) of the consolidated financial statements for the information relating to inventory valuation.

The Company mainly engages in manufacture and sales of PCB(Printed Circuit Boards). Due to their short life circle and severe competition in the industry, electronic products are susceptible to the volatility of market prices, so they have higher risk in losses on reduction of inventory to market and inventory obsolescence. The net realizable value adopted by The Company for invalid and obsolescent inventory often involves subjective judgment. Given that The Company's inventory and its allowance for loss on reduction of inventory to market have a vital impact on its financial statements, the valuation of the allowance for loss on reduction of inventory to market is listed as one of the key audit matters.

How the matter was addressed in our audit

We performed the following audit procedures in respect of the above key audit matter:

1. Evaluate if the policy and procedure for setting aside the allowance for loss on reduction of inventory to market are appropriately and consistently adopted.

2. Understand the inventory warehouse management process, inspect the annual stock-taking plan and participate in the annual observation of stock-taking, so as to confirm the inventory management and status.

3. Acquire the statement to identify inventory obsolescence and invalidation and verify inventory aging propriety and rationality, so as to confirm the possibility for the loss of the inventory exceeding a certain inventory age and coverage of the invalid and obsolescent inventory items in the statement, and ensure the consistence of the statement information with the policy.

4. Inspect a variety of data adopted by the management for calculation of the inventory net realizable value, and give random check and calculation to evaluate the rationality of the inventory net realizable value and judge if relevant disclosures are adequate.

Other Matter

We have also audited the parent company only financial statements of Compeq Manufacturing Co., Ltd as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 members of the Audit Committee), are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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.

Baker Tilly Clock & Co
Hsin-Liang Wu, CPA
Kuo-Fu Tseng, CPA
March 7, 2024

Notes to Readers

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

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 11,241,891	14.21	$ 11,859,565	14.86
Financial assets at fair value through profit or loss-current	6(2)	214,365	0.27	141,973	0.18
Notes receivable	6(3)	214,768	0.27	134,450	0.17
Accounts receivable	6(3)	16,498,196	20.86	16,523,473	20.70
Other receivables		359,579	0.45	350,915	0.44
Current tax assets	6(22)	66,940	0.09	32,130	0.04
Inventories	6(4)	8,053,543	10.18	10,026,564	12.56
Prepayments		514,498	0.65	485,737	0.61
Other current financial assets	6(5),8	4,883,725	6.17	2,766,626	3.46
Other current assets		64,290	0.08	66,863	0.08
Total current assets		42,111,795	53.23	42,388,296	53.10
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income-noncurrent	6(6)	13,444	0.02	15,556	0.02
Property, plant and equipment	6(7),8	35,364,104	44.70	35,740,711	44.78
Right-of-use assets	6(8)	458,054	0.58	467,997	0.59
Intangible assets	6(9)	272,029	0.35	160,782	0.20
Deferred tax assets	6(22)	742,846	0.94	702,134	0.88
Prepayments for equipment		113,357	0.14	317,663	0.40
Refundable deposits		16,948	0.02	11,141	0.01
Other non-current assets		16,461	0.02	18,248	0.02
Total noncurrent assets		36,997,243	46.77	37,434,232	46.90
TOTAL		$ 79,109,038	100.00	$ 79,822,528	100.00

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Short-term borrowings	6(10)	$ 216,777	0.27	$ —	—
Notes payable	6(11)	1,929,237	2.44	1,384,437	1.73
Accounts payable	6(11)	11,821,422	14.94	10,347,392	12.96
Other payables	6(12)	6,545,116	8.27	8,153,746	10.22
Current tax liabilities	6(22)	885,584	1.12	1,161,128	1.46
Provisions-current	6(13)	223,119	0.28	216,678	0.27
Receipts in advance		3,975	0.01	19	—
Current portion of long-term borrowings	6(14),8	1,777,093	2.25	863,360	1.08
Other current liabilities		632,841	0.80	645,937	0.81
Total current liabilities		24,035,164	30.38	22,772,697	28.53
NONCURRENT LIABILITIES					
Long-term borrowings	6(14),8	11,401,188	14.41	13,886,404	17.40
Deferred tax liabilities	6(22)	3,887,094	4.92	3,834,810	4.80
Lease liabilities-noncurrent	6(8)	131,828	0.17	143,431	0.18
Net defined pension liabilities	6(15)	121,555	0.15	220,442	0.28
Other non-current liabilities, others		279,640	0.35	247,856	0.31
Total noncurrent liabilities		15,821,305	20.00	18,332,943	22.97
Total liabilities		39,856,469	50.38	41,105,640	51.50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	6(16)	11,918,206	15.07	11,918,206	14.93
Capital surplus	6(16)	1,060,226	1.34	1,060,226	1.33
Retained earnings	6(16)	26,614,354	33.64	25,693,999	32.19
Legal reserve		4,061,551	5.13	3,251,562	4.07
Special reserve		12,459	0.02	351,396	0.44
Unappropriated earnings		22,540,344	28.49	22,091,041	27.68
Other equity	6(16)	(340,217)	(0.43)	44,457	0.05
Exchange differences on translation of foreign operations		(326,068)	(0.41)	56,916	0.07
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(14,149)	(0.02)	(12,459)	(0.02)
Total equity attributable to owners of the Company		39,252,569	49.62	38,716,888	48.50
NON-CONTROLLING INTERESTS		—	—	—	—
Total equity		39,252,569	49.62	38,716,888	48.50
TOTAL		$ 79,109,038	100.00	$ 79,822,528	100.00

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2023		2022	
		Amount	%	Amount	%
OPERATING REVENUES	6(18)	$ 67,078,773	100.00	$ 76,419,408	100.00
OPERATING COSTS	6(4)	(56,951,976)	(84.90)	(60,970,511)	(79.78)
GROSS PROFIT		10,126,797	15.10	15,448,897	20.22
OPERATING EXPENSES					
Selling and marketing expenses		(1,328,299)	(1.98)	(1,351,066)	(1.77)
General and administrative expenses		(1,042,012)	(1.56)	(1,258,252)	(1.64)
Research and development expenses		(2,551,795)	(3.80)	(2,688,774)	(3.52)
Expected credit impairment income	6(3)	14,088	0.02	(28,766)	(0.04)
Total operating expenses		(4,908,018)	(7.32)	(5,326,858)	(6.97)
INCOME FROM OPERATIONS		5,218,779	7.78	10,122,039	13.25
NON-OPERATING INCOME AND EXPENSES					
Interest income		421,784	0.63	208,178	0.27
Other income	6(19)	555,458	0.83	294,205	0.38
Other gains and losses	6(20)	(356,266)	(0.53)	(40,543)	(0.05)
Finance costs	6(21)	(567,355)	(0.85)	(447,655)	(0.59)
Total non-operating income and expenses		53,621	0.08	14,185	0.01
INCOME BEFORE INCOME TAX		5,272,400	7.86	10,136,224	13.26
INCOME TAX EXPENSE	6(22)	(1,104,025)	(1.65)	(2,135,247)	(2.79)
NET INCOME		$ 4,168,375	6.21	$ 8,000,977	10.47
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	6(15)	(37,630)	(0.06)	123,634	0.16
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(16)	(1,690)	—	111	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(22)	7,526	0.01	(24,727)	(0.03)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(16)	(478,730)	(0.71)	494,678	0.65
Income tax relating to the components of other comprehensive income(loss)	6(22)	95,746	0.14	(98,936)	(0.13)
Other comprehensive (loss) income, net of income tax		(414,778)	(0.62)	494,760	0.65
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 3,753,597	5.59	$ 8,495,737	11.12
NET INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 4,168,375	6.21	$ 8,000,977	10.47
Non-controlling interests		—	—	—	—
		$ 4,168,375	6.21	$ 8,000,977	10.47
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 3,753,597	5.59	$ 8,495,737	11.12
Non-controlling interests		—	—	—	—
		$ 3,753,597	5.59	$ 8,495,737	11.12
EARNING PER SHARE					
Basic	6(17)	$ 3.50		$ 6.71	
Diluted	6(17)	$ 3.48		$ 6.67	

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to the owners of the Company								Non-controlling interests	Total equity
			Retained earnings			Other equity				
	Capital Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Subtotal		
BALANCE, JANUARY 1, 2022	$ 11,918,206	$ 1,060,226	$ 2,736,311	$ 226,467	$ 16,776,614	$ (338,826)	$ (12,570)	$ 32,366,428	$ —	$ 32,366,428
Appropriations of prior year's earnings										
Legal reserve	—	—	515,251	—	(515,251)	—	—	—	—	—
Special reserve	—	—	—	124,929	(124,929)	—	—	—	—	—
Cash dividends	—	—	—	—	(2,145,277)	—	—	(2,145,277)	—	(2,145,277)
Net income in 2022	—	—	—	—	8,000,977	—	—	8,000,977	—	8,000,977
Other comprehensive income in 2022, net of income tax	—	—	—	—	98,907	395,742	111	494,760	—	494,760
Total comprehensive income in 2022	—	—	—	—	8,099,884	395,742	111	8,495,737	—	8,495,737
BALANCE, JANUARY 1, 2023	11,918,206	1,060,226	3,251,562	351,396	22,091,041	56,916	(12,459)	38,716,888	—	38,716,888
Appropriations of prior year's earnings										
Legal reserve	—	—	809,989	—	(809,989)	—	—	—	—	—
Special reserve reversed	—	—	—	(338,937)	338,937	—	—	—	—	—
Cash dividends	—	—	—	—	(3,217,916)	—	—	(3,217,916)	—	(3,217,916)
Net income in 2023	—	—	—	—	4,168,375	—	—	4,168,375	—	4,168,375
Other comprehensive income in 2023, net of income tax	—	—	—	—	(30,104)	(382,984)	(1,690)	(414,778)	—	(414,778)
Total comprehensive income in 2023	—	—	—	—	4,138,271	(382,984)	(1,690)	3,753,597	—	3,753,597
BALANCE, DECEMBER 31, 2023	$ 11,918,206	$ 1,060,226	$ 4,061,551	$ 12,459	$ 22,540,344	$ (326,068)	$ (14,149)	$ 39,252,569	$ —	$ 39,252,569

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 5,272,400	$ 10,136,224
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	5,516,909	5,082,766
Amortization expense	67,826	53,502
Expected credit impairment loss (income)	(14,088)	28,766
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(2,226)	10,258
Interest expense	567,355	447,655
Interest income	(421,784)	(208,178)
Loss on disposal of property, plant and equipment	51,559	128,369
Exchange loss (gain) on long-term debts	(155,371)	596,366
Other Item	(521)	126
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	(70,238)	(2,052)
Notes receivable	(84,710)	60,904
Accounts receivable	(89,246)	(774,530)
Other receivables	86,105	414,785
Inventories	1,886,450	(673,879)
Prepayments	(36,848)	127,290
Other current assets	2,628	53,512
Other current financial assets	(2,148,408)	(1,222,001)
Notes payable	583,514	319,635
Accounts payable	1,607,888	(280,723)
Other payables	(536,580)	899,047
Provisions	8,008	(38,405)
Receipts in advance	6,528	3,878
Other current liabilities	(32,002)	219,101
Accrued pension liabilities	(136,517)	(136,444)
Cash generated from operations	11,928,631	15,245,972
Interest received	363,434	179,014
Interest paid	(541,826)	(373,309)
Income taxes paid	(1,299,505)	(1,377,199)
Net cash generated by operating activities	$ 10,450,734	$ 13,674,478

(Continued)

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	$ (6,613,947)	$ (7,234,154)
Proceeds from disposal of property, plant and equipment	30,568	2,993
Increase in Refundable Deposits	(55,326)	(56,203)
Decrease in Refundable Deposits	48,291	46,713
Purchase of Intangible Assets	(182,519)	(90,904)
Purchase of gorernment subsidy income-right-of-use assets	1,122	—
Purchase of right-of-use assets	(52)	—
Increase in prepayments for equipment	—	(167,338)
Decrease in prepayments for equipment	203,252	—
Net cash generated by (used in) investing activities	(6,568,611)	(7,498,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	211,133	—
Increase in long-term borrowings	6,372,892	9,221,387
Decrease in long-term borrowings	(7,666,233)	(10,619,008)
Increase in guarantee deposits received	13,853	34,939
Decrease in guarantee deposits received	(4,979)	(16,680)
Repayment of the principal portion of lease liabilities	(84,470)	(85,711)
Increase in other non-current liabilities	36,777	53,848
Cash dividends	(3,217,916)	(2,145,277)
Net cash generated by (used in) financing activities	(4,338,943)	(3,556,502)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(160,854)	(140,357)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(617,674)	2,478,726
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	11,859,565	9,380,839
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 11,241,891	$ 11,859,565

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

COMPEQ MANUFACTURING CO., LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. ORGANIZATION AND OPERATIONS

Compeq Manufacturing Co., Ltd. (the Compeq Company) was established in August 1973. It is engaged in the manufacture and sale of PCB (Printed Circuit Boards) for computer use. In January 1990, the Compeq Company's stocks were approved by the Financial Supervisory Commission (FSC) for listing on the Taiwan Stock Exchange.

The consolidated financial statements were included Compeq manufacturing Co., Ltd. and its subsidiaries collectively as the “Company” are described in Note 4.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 7, 2024.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Disclosure of accounting policies (amendments to IAS 1)	January 1, 2023
Definition of accounting estimates (amendments to IAS 8)	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023
International tax reform - pillar two model rules (amendments to IAS 12)	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

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

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Leases liability in a sale and leaseback (amendments to IFRS 16)	January 1, 2024
Classification of liabilities as current of non-current (amendments to IAS 1)	January 1, 2024
Non-current liabilities with covenants (amendments to IAS 1)	January 1, 2024
Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) The IFRSs issued by IASB but not yet endorsed by FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Sale or contribution of assets between an investor and its associate of joint venture (amendments to IFRS 10 and IAS 28)	To be determined by IASB
Insurance contracts (IFRS 17)	January 1, 2023
Insurance contracts (amendments to IFRS 17)	January 1, 2023
Initial application of IFRS 17 and IFRS 9-comparative information (amendments to IFRS 17)	January 1, 2023
Lack of exchangeabilityracts (amendments to IAS 21)	January 1, 2025

As of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, IFRSs, IASs, Interpretations as well as related guidance translated by the ARDF endorsed by the FSC with the effective dates (collectively, "IFRSs").

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(3) Basis of Consolidation

A. The basis for the consolidated financial statements

The consolidated financial statements incorporated the financial statements of Compeq Manufacturing Co., Ltd. and its controlled entities (the subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

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

Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. The carrying amounts of the Company interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Corporation.

B. The Subsidiaries in the consolidated financial statements:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location
Compeq Manufacturing Co., Ltd.	Huaton Holdings Limited	Investment	British Virgin Islands
Compeq Manufacturing Co., Ltd.	Pelican Cove Investment Ltd.	Trading	Samoa
Compeq Manufacturing Co., Ltd.	Liton Holdings Ltd.	Investment	British Virgin Islands
Compeq Manufacturing Co., Ltd.	Hua Nian Investment Ltd.	Investment	Taiwan
Compeq Manufacturing Co., Ltd.	COMPEQ (Thailand) Co., Ltd.	PCB manufacturing and sales	Thailand
Huaton Holdings Limited	Compeq Manufacturing (Huizhou) Co., Ltd.	PCB manufacturing and sales	China
Huaton Holdings Limited	Compeq Technology (Huizhou) Co., Ltd.	PCB manufacturing and sales	China
Huaton Holdings Limited	Compeq Manufacturing (Chongqing) Co., Ltd.	PCB manufacturing and sales	China
Huaton Holdings Limited	Hong Kong Huaton Holdings Trading Company Limited	Trading	Hong Kong
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Trading	Hong Kong
Compeq Technology (Huizhou) Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	PCB manufacturing and sales	China
Compeq Technology (Huizhou) Co., Ltd. (Note 1)	Huabo Technology (Huizhou) Co., Ltd.	Electronic manufacturing、Outsourcing processing、Plant lease、Property management、equipment leasing and electronic technology management and technical consulting	China

Name of Investee	Percentage of Ownership	
	December 31,2023	December 31,2022
Huaton Holdings Limited	100.00%	100.00%
Pelican Cove Investment Ltd.	100.00%	100.00%
Liton Holdings Ltd.	100.00%	100.00%
Hua Nian Investment Ltd	100.00%	100.00%
COMPEQ (Thailand) Co., Ltd.	100.00%	—
Compeq Manufacturing (Huizhou) Co., Ltd.	100.00%	100.00%
Compeq Manufacturing (Suzhou) Co., Ltd.	100.00%	100.00%
Compeq Technology (Huizhou) Co., Ltd.	100.00%	100.00%
Hong Kong Compeq Huizhou Trading Company Limited	100.00%	100.00%
Compeq Manufacturing (Chongqing) Co., Ltd.	100.00%	100.00%
Hong Kong Huaton Holdings Trading Company Limited	100.00%	100.00%
Huabo Technology (Huizhou) Co., Ltd.	100.00%	100.00%

Note 1: On May 2022 Compeq Manufacturing (Huizhou) Co., Ltd. was sold 100% equity of Huabo Technology (Huizhou) Co., Ltd. To Compeq Technology (Huizhou) Co., Ltd. for increase capital.

Note 2: On November 2022, Compeq Technology (Huizhou) Co., Ltd. was converted the net asset value to shares for changed into Company Limited.

C. Subsidiaries excluded from consolidated financial statement: None.

D. Each invested company adopting the equity valuation method will obtain the investment loss and profit data included in the current financial statements duly audited and certified by a certified public accountant.

(4) Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(5) Foreign Currencies

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

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign-currency risks.

C. For the items of currency receivable from or payable to foreign business operating institute, if there is no plan for liquidation or the liquidation is impossible to occur in the foreseeable future. Exchange differences arising on a monetary item that is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Consolidated Company' foreign operations (including of the subsidiaries, associates and joint ventures operating in other countries or using currencies different from the Company's) are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Including time deposits and repurchase agreements collateralized by corporate bonds.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operation are classified as cash equivalents.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Consolidated Company become a party to the contractual provisions of the instruments.

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. For the determination of fair value, please refer to Note 12.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or Convention in the marketplace.

a. Measurement category

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

A) Financial asset at FVTPL

For certain financial assets which include debt instruments that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Any gain or loss arising from remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

B) Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity investments that is not held for trading as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

C) Measured at amortized cost

When the company invest in financial assets simultaneously meets the following two conditions, the financial assets are classified as the ones carried at cost after amortization:

a) The financial assets are held under a specific operation mode, in which the purpose of the mode is to hold the financial assets in order to collect contract cash flows.

b) The cash flow generated on a specific date due to contract clauses is completely for the payment of the principal and the interest accrued from the outstanding principal amount.

Cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits are measured at amortized cost. Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Foreign exchange gains and losses are recognized in profit or loss.

b. Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The expected credit loss is calculated according to the average weighted credit loss in which the risk rated ratio of default occurrence is used in calculation. The 12-month expected credit loss represents the credit loss expected to occur to the financial instruments within 12 months after their reporting day due to possible default. The expected credit loss in the duration period refers to the credit loss expected to occur to the financial instruments in the expected duration period due to possible default.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

The Consolidated Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

B. Equity instruments

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

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

C. Financial liabilities

a. Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

Financial liabilities measured at FVTPL are derivative financial instruments that do not meet the criteria for hedge accounting, and they are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Related net profits or net losses are listed in "other profits and losses" of the statement of comprehensive income.

b. Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities only when the obligations are discharged cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

c. Offsetting financial instruments

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

D. Derivative financial instruments

The Consolidated Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(8) Inventories

Inventories are included supplies, raw materials, work in process and Finished goods. Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at weighted-average cost. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(9) Property, Plant, and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties under construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization.

These properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is computed by the straight-line method over the estimated useful lives. The estimated useful lives are as follows:

Buildings: 5-35 years; machinery and equipment: 6-10 years; computer equipment: 3-8 years; testing equipment: 5-8 years; pollution-prevention equipment: 3-10 years; transportation equipment: 5 years; furniture and fixtures: 5-8 years; other equipment: 5-15 years.

(10) Leases

The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

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

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

(11) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(12) Impairment of Non-financial Assets

At each balance sheet date, the Consolidated Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When amortization can be reasonably and consistently made, common assets can also be amortized to individual cash production units. Otherwise, the amortization shall be made to the minimum cash production unit group in a reasonable and consistent way.

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

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

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

(13) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The present obligation arising from any onerous contracts shall be listed and measured as a liability reserve. When the unavoidable cost required for obligation fulfillment of a signed contract exceeds the economic effect expected to gain from the contract, the contract shall be referred to as an onerous contract.

(14) Revenue recognition

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

(a) Identify the contract with the customer;
(b) Identify the performance obligations in the contract;
(c) Determine the transaction price;
(d) Allocate the transaction price to the performance obligations in the contract; and
(e) Recognize revenue when the entity satisfies a performance obligation.

Sales of goods

Revenue is recognized when the goods committed by the Company are transferred to the customer to fulfill the contract performance obligation, i.e. the revenue is recognized when the customer acquires the control right of the goods, in which the net amount of the contract price deducting estimated sales allowance is set aside and recognized. The revenue recognition amount is limited to the part where material reversal is very unlikely to occur, and the estimation is renewed at each balance sheet day. The allowance for sales discounts of the sales related estimates as of the balance sheet date is listed as the refund liabilities.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of these assets, until the assets are substantially ready for their intended use or sale.

If a specific loan is used for temporary investment before being applied to the capital expenditure meeting required elements and therefore earns the investment income, it shall be deducted from the loan cost meeting the terms of capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

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

A. Current tax

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

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

B. Deferred tax

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

Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

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

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

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

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(1) Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Consolidated Company take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Valuation of Inventory

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

Due to the rapid industrial changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	$ 10,636	$ 12,638
Demand deposits and checking accounts	5,209,734	6,745,047
Cash equivalent		
Time deposits	5,668,986	4,446,638
Repurchase agreements of bonds	352,535	655,242
Total	$ 11,241,891	$ 11,859,565

(A) The bank deposits and bonds interest rate as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Demand deposits	0.001%～4.500%	0.001%～1.050%
Time deposits	0.550%～5.877%	0.850%～5.230%
Repurchase agreements of bonds	0.800%～1.050%	0.560%～4.200%

(B) The Company's bank time deposit certificates which are three months past the initial due dates are listed under the item of other financial assets-current. Please refer to note 6(5).

(2) FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(A) Financial assets mandatorily measured at FVTPL-current

	December 31, 2023	December 31, 2022
Derivative financial instruments		
Forward exchange contracts	$ 2,155	$ —
Non-derivative financial instruments		
Publicly traded stocks	169,958	134,174
Emerging stocks	13,883	7,799
Non-Publicly traded stocks	28,369	—
Subtotal	212,210	141,973
Total	$ 214,365	$ 141,973

(a) For the years ended December 31, 2023 and 2022, the main purpose for the Consolidated Company to engage in forward exchange contracts transactions is to evade the risk resulting from the fluctuation of currency exchange rate. However, those derivative assets and liabilities did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

(b) The contracts resulted in net gain of $15,373 thousand in 2023 and net loss of $152,564 thousand in 2022, respectively.

(c) The undue derivative financial products were as follows:

December 31, 2022	Currency	Maturity	Contract Amount (in thousand)	
Sell	US$/NT$	January 2, 2024 to January 17, 2024	US$	22,000

(3) NOTES AND ACCOUNTS RECEIVABLE- NET

	December 31, 2023		December 31, 2022	
Notes receivable	$	214,768	$	134,450
Accounts receivable		16,642,270		16,682,210
Less: Loss allowance		(144,074)		(158,737)
Net	$	16,498,196	$	16,523,473

(A) The Company's notes receivable is all undue.

(B) The Company does not hold any collateral for its notes receivable and accounts receivable.

(C) The Company with which the estimated allowance for sales discounts is listed as the refund liabilities. As of December 31, 2023 and December 31, 2022, the balance of the refund liabilities were $410,206 thousand and $445,282 thousand (listed as other current liabilities), respectively.

(D) The aging analysis of accounts receivable with expected credit losses were determined as follows:

(a) December 31, 2023

	Carrying amount of accounts receivable		Expected credit loss rate	Loss allowance for lifetime expected credit losses	
Non past due	$	16,446,984	0%～10%	$	101,838
Past due less than 30 days		123,731	0%～10%		29,493
Past due 31-100 days		52,894	0%～10%		1,454
Past due less than 101-180 days		15,685	50%～60%		8,313
Past due 181-365 days		2,976	100%		2,976
Total	$	16,642,270		$	144,074

(b) December 31, 2022

	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	$ 16,436,628	0%～10%	$ 152,460
Past due less than 30 days	232,738	0%～10%	1,969
Past due 31-100 days	6,580	0%～10%	17
Past due less than 101-180 days	3,946	50%～60%	1,973
Past due 181-365 days	2,318	100%	2,318
Total	$ 16,682,210		$ 158,737

The above aging schedule was based on the past due date.

(E) Movements of the allowance for doubtful accounts were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 158,737	$ 127,933
Provision (Reversal)	(14,088)	28,766
Recovery of bad debts written off	13	—
Amount written off	—	(126)
Effect of exchange rate changes	(588)	2,164
Balance, end of year	$ 144,074	$ 158,737

(F) The Company has signed a non-recourse accounts receivable factoring agreement with the financial institution. Based on the factoring agreements, losses from trade disputes (such as those on sales returns and discounts) are borne by the Company while losses from credit are borne by the banks. These accounts receivable met the derecognition criteria for financial assets had transfer to other receivable.

The accounts receivables meeting the deletion terms have been transferred to the account of other receivables, as of December 31, 2022, these accounts receivable met the derecognized criteria were as follows:

December 31, 2022

Purchaser of accounts receivable	Receivables sold	Credit Line (in thousand)	Advances Received	Interest Rate	Derecognized amount	Transfer to other receivables
Financial institution	$ 825,423	$ 7,953,890	$ 791,018	Note	$ 825,423	$ 34,405

Note: The interest rate of the withdrawn credit line is as per the agreed interbank interest rate, and the rate is determined piece by piece.

The above credit lines may be used on a revolving basis.

(4) INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials	$ 1,516,076	$ 1,927,886
Supplies	383,101	378,763
Work in process	3,268,039	3,200,945
Finished goods	2,877,225	4,514,953
Goods	9,102	4,017
Total	$ 8,053,543	$ 10,026,564

(A) As of December 31, 2023 and 2022, the allowance for inventory devaluation (including normal and idle products) were $1,715,457 thousand and $1,844,032 thousand, respectively.

(B) The cost of inventories recognized as cost of sales for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
The cost of goods sold	$ 57,164,207	$ 61,288,708
Provision for (Reversal of) loss on inventories	78,597	(26,208)
Loss on scrapped inventories	139,418	659,302
Income from scrap sales	(1,013,859)	(1,039,265)
Unamortized fixed manufacturing cost	583,613	87,974
Total	$ 56,951,976	$ 60,970,511

The reversal of loss on inventories in 2023 was due to a better of product structure.

(5) OTHER CURRENT FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
Non-cash equivalent of time deposits	$ 4,873,551	$ 2,756,571
Restricted time deposits	10,174	10,055
Total	$ 4,883,725	$ 2,766,626

The interest rate interval of the balance sheet date of the financial were as follows:

	December 31, 2023	December 31, 2022
Interest rate interval	0.950%～6.000%	1.085%～5.400%

Detail of the other current-financial assets to others as collateral are provided in Note 8.

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-NONCURRENT

	December 31, 2023	December 31, 2022
Equity instruments		
Foreign unlisted stocks	$ 13,444	$ 15,556

(7) PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

Item	Balance, Beginning of year	Additions	Disposals	Reclassifications	Effect of Exchange Rate changes	Balance, End of year
Cost						
Land	$ 679,148	$ 881,241	$ －	$ －	$ 5,603	$ 1,565,992
Buildings and structures	17,367,284	1,180,554	(73,371)	－	(253,477)	18,220,990
Machinery and equipment	42,538,163	2,470,216	(404,569)	18,149	(525,603)	44,096,356
Computer equipment	125,029	9,856	(2,860)	－	(345)	131,680
Testing equipment	2,659,013	181,837	(73,748)	－	(14,412)	2,752,690
Pollution Prevention equipment	642,989	7,158	－	－	－	650,147
Transportation equipment	77,415	2,184	(12,801)	－	(325)	66,473
Office equipment	203,110	4,599	(5,021)	－	(2,585)	200,103
Other facilities	9,723,312	799,876	(121,612)	(18,149)	(89,623)	10,293,804
Construction in progress	1,520,944	49,991	－	－	(14,501)	1,556,434
Total	$ 75,536,407	$ 5,587,512	$ (693,982)	$ －	$ (895,268)	$ 79,534,669
Accumulated depreciation and impairment						
Buildings and structures	$ 8,389,743	$ 1,048,434	$ (34,238)	$ －	$ (104,143)	$ 9,299,796
Machinery and equipment	22,305,102	3,247,166	(376,784)	－	(271,735)	24,903,749
Computer equipment	105,547	7,418	(2,715)	－	(219)	110,031
Testing equipment	1,510,551	272,847	(66,752)	－	(10,661)	1,705,985
Pollution Prevention equipment	485,601	27,821	－	－	－	513,422
Transportation equipment	56,206	5,742	(9,566)	－	(205)	52,177
Office equipment	158,108	12,066	(4,749)	－	(1,979)	163,446
Other facilities	6,784,838	811,101	(117,052)		(56,928)	7,421,959
Total	39,795,696	$ 5,432,595	$ (611,856)	$ －	$ (445,870)	44,170,565
Net	$ 35,740,711					$ 35,364,104

Item	For the Year Ended December 31, 2022					
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Effect of Exchange Rate changes	Balance, End of year
Cost						
Land	$ 679,148	$ —	$ —	$ —	$ —	$ 679,148
Buildings and structures	15,275,221	2,010,021	(96,967)	—	179,009	17,367,284
Machinery and equipment	38,964,534	4,095,756	(833,356)	(32,554)	343,783	42,538,163
Computer equipment	121,926	5,444	(2,608)	—	267	125,029
Testing equipment	2,405,607	270,418	(25,991)	—	8,979	2,659,013
Pollution Prevention equipment	638,235	11,107	(6,353)	—	—	642,989
Transportation equipment	72,349	10,456	(5,753)	—	363	77,415
Office equipment	189,088	17,322	(5,486)	—	2,186	203,110
Other facilities	8,721,883	1,005,833	(97,572)	32,554	60,614	9,723,312
Construction in progress	1,682,172	(175,469)	(10,322)	—	24,563	1,520,944
Total	$ 68,750,163	$ 7,250,888	$ (1,084,408)	$ —	$ 619,764	$ 75,536,407
Accumulated depreciation and impairment						
Buildings and structures	$ 7,454,930	$ 934,958	$ (67,672)	$ —	$ 67,527	$ 8,389,743
Machinery and equipment	19,819,840	3,074,533	(758,019)	(99)	168,847	22,305,102
Computer equipment	100,139	7,793	(2,529)	—	144	105,547
Testing equipment	1,310,048	216,585	(22,915)	—	6,833	1,510,551
Pollution Prevention equipment	461,715	29,120	(5,234)	—	—	485,601
Transportation equipment	55,542	5,924	(5,574)	—	314	56,206
Office equipment	150,394	11,335	(5,244)	—	1,623	158,108
Other facilities	6,118,580	716,220	(87,880)	99	37,819	6,784,838
Total	35,471,188	$ 4,996,468	$ (955,067)	$ —	$ 283,107	39,795,696
Net	$ 33,278,975					$ 35,740,711

(A) The significant part of the Company's buildings includes main plants and affiliated equipment and the related depreciation is calculated using the estimated useful lives of 20 to 35 years, and 5 to 30 years, respectively.

(B) As of December 31, 2023 and 2022, the Company mortgaged or pledged property, plant and equipment, see Note 8.

(8) <u>LEASE</u>

(A) Right-of-use assets

Carrying amounts	December 31, 2023		December 31, 2022	
Land (Including land use right)	$	218,367	$	234,045
Buildings and structures		219,037		222,785
Transportation equipment		20,650		11,167
Total	$	458,054	$	467,997

Depreciation of right-of-use assets	For the Year Ended December 31			
	2023		2022	
Land (Including land use right)	$	11,495	$	11,311
Buildings and structures		64,044		64,929
Machinery and equipment		—		5,379
Transportation equipment		8,775		4,679
Total	$	84,314	$	86,298

For the year ended December 31, 2023 and 2022, the addition to right-of-use assets were $81,620 thousand and $52,862 thousand, respectively.

(B) Lease liabilities

Carrying amounts	December 31, 2023		December 31, 2022	
Lease liabilities-current	$	68,910	$	57,769
Lease liabilities-noncurrent		131,828		143,431
Total	$	200,738	$	201,200
Ranges of discount rate for lease liabilities	1.335%～6.890%		1.330%～4.620%	

(C) Material lease-in activities and terms

The Company leases land for manufactured goods in mainland China with lease terms of 50 years. Upon signing of the lease the amount has been paid in full. The Company does not have purchase options to acquire the lease hold land at the end of the lease terms.

(D) Other lease information

Items affecting profit or loss	For the Year Ended December 31	
	2023	2022
Interest expense on lease liabilities	$ 5,088	$ 4,863
Expenses relating to short-term and low-value assets leases	$ 68,133	$ 148,747

For the year ended December 31, 2023 and 2022, the Company's cash outflow for leases were $152,603 thousand and $234,458 thousand, respectively.

(9) INTANGIBLE ASSETS

Item	For the Year Ended December 31, 2023				
	Balance, Beginning of year	Additions	Disposals	Effect of Exchange Rate changes	Balance, End of year
Cost					
Software and system cost	$ 277,783	$ 182,519	$ (30,106)	$ (7,449)	$ 422,747
Accumulated amortization					
Software and system cost	117,001	66,586	(30,106)	(2,763)	150,718
Net	$ 160,782	$ 115,933	$ –	$ (4,686)	$ 272,029

Item	For the Year Ended December 31, 2022				
	Balance, Beginning of year	Additions	Disposals	Effect of Exchange Rate changes	Balance, End of year
Cost					
Software and system cost	$ 223,172	$ 90,904	$ (39,489)	$ 3,196	$ 277,783
Accumulated amortization					
Software and system cost	103,748	51,797	(39,489)	945	117,001
Net	$ 119,424	$ 39,107	$ –	$ 2,251	$ 160,782

Amortization for 2023 and 2022 were recognized in operating cost and operating expenses $40,981 thousand, $25,605 thousand, $29,102 thousand, $22,695 thousand, respectively.

(10) SHORT-TERM BORROWINGS

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	$ 216,777	$ –
Rate	1.400%～2.450%	–

(11) NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2023	December 31, 2022
Notes payable	$ 1,929,237	$ 1,384,437
Account payable	11,821,422	10,347,392
Total	$ 13,750,659	$ 11,731,829

(A) The average credit purchase period of payables is 60 to 120 days. The Company has set up its financial risk management policy, so as to ensure that all the payables could be liquidated within the agreed credit period.

(B) For the disclosure of the Company's payables exposing currency and liquidity risks and other payables, please refer to Note 12.

(12) OTHER PAYABLES

	December 31, 2023	December 31, 2022
Machinery and Equipment payable	$ 1,070,219	$ 2,111,386
Employee Bonus payable	108,062	197,097
Salary and wages payable	1,110,654	1,123,687
Annual bonuses payable	1,169,252	1,539,245
Commissions payable	38,534	55,698
Processing payable	850,064	747,718
Maintenance payable	821,866	767,753
Utilities payable	169,012	205,641
Interest payable	45,517	67,426
Employee vacation payable	113,225	112,524
Freight charge payable	175,452	158,876
Other payable	873,259	1,066,695
Total	$ 6,545,116	$ 8,153,746

(13) PROVISIONS- CURRENT

	For the Year Ended December 31, 2023		
	Other	Onerous contracts	Total
Balance, beginning of the year	$ 207,139	$ 9,539	$ 216,678
Recognized (Reversed)	(12,558)	20,113	7,555
Effect of exchange rate changes	(549)	(565)	(1,114)
Balance, end of the period	$ 194,032	$ 29,087	$ 223,119

	For the Year Ended December 31, 2022		
	Other	Onerous contracts	Total
Balance, beginning of the year	$ 201,579	$ 40,080	$ 241,659
Recognized (Reversed)	1,602	(30,947)	(29,345)
Effect of exchange rate changes	3,958	406	4,364
Balance, end of the period	$ 207,139	$ 9,539	$ 216,678

(A) Other liability reserves refer to the estimation of the accrued expenses with the liability reserve character, which is written off when the expense is incurred.

(B) The onerous contract loss reserve refers the loss on onerous contracts recognized due to the fulfillment cost of signed contracts exceeding expected economic effect. The estimation is written off when a contract is fulfilled.

(C) Given that the aforesaid reserve was prepared for the short run or for discount and the impact was not significant, they were not discounted.

(14) LONG-TERM BORROWINGS

Creditors	Description	No.	December31, 2023 Amount	December31, 2022 Amount	Expiry Date
Chang Hwa Bank	Unsecured borrowings	1	$ 106,250	$ 150,000	05/15/2025
Chang Hwa Bank	〃	1	150,000	200,000	06/15/2025
Mega International Commercial-Bank	〃	2	54,000	75,000	06/15/2025
E. Sun Bank	〃	1	75,000	100,000	06/15/2025
Bank of Taiwan	〃	1	187,500	250,000	06/15/2025
E. Sun Bank	〃	1	79,167	100,000	07/15/2025
Far Eastern International Bank	〃	1	197,917	250,000	07/15/2025
Mega International Commercial-Bank	〃	2	57,000	75,000	07/15/2025
Land Bank of Taiwan	〃	1	277,082	350,000	07/15/2025
Bank of Taiwan	〃	1	175,000	200,000	09/15/2025
Hwa Nan Bank	〃	1	250,000	250,000	09/15/2026
Taipei Fubon commercial Bank (Union loan)	〃	3	2,000,000	2,000,000	08/29/2027
Taipei Fubon commercial Bank (Union loan)	〃	4	—	1,000,000	08/29/2027
First Bank	〃	1	400,000	—	07/15/2028
Land Bank of Taiwan	〃	1	200,000	—	09/15/2028
Taipei Fubon commercial Bank	〃	5	300,000	—	09/15/2028
Bank of Taiwan	〃	1	200,000	—	10/15/2028
Mega International Commercial-Bank	〃	6	300,000	—	09/25/2030
KGI Bank	〃	7	200,000	—	09/25/2030
Bank of Taiwan	〃	7	200,000	—	12/01/2030
Chang Hwa commercial Bank (Dongguan)	〃	8	—	61,420	03/29/2024
Hua Nan Bank (Shenzhen)	〃	9	203,771	357,206	03/29/2024
Chang Hwa commercial Bank (Dongguan)	〃	10	—	115,162	05/10/2024
Chang Hwa commercial Bank (Dongguan)	〃	8	—	122,840	07/20/2024
E. Sun Bank (Union loan)	〃	11	—	1,397,074	03/28/2025
E. Sun Bank (Dongguan)	〃	8	—	245,680	08/10/2025
The Export-Import Bank of China (Guangdong)	〃	12	433,555	440,996	09/08/2025
China Construction Bank (Huizhou)	〃	13	420,548	436,586	10/08/2025
HSBC (Huizhou)	〃	14	411,877	440,996	11/06/2025
HSBC (Huizhou)	〃	14	164,751	176,398	11/06/2025
Chang Hwa commercial Bank (Dongguan)	〃	8	156,080	—	01/09/2026
E. Sun Bank (Dongguan)	〃	8	205,938	—	01/09/2026
Bank of Taiwan (Guangzhou)	〃	15	130,066	—	01/16/2026
HSBC (Huizhou)	〃	16	253,629	—	03/06/2026
The Export-Import Bank of China (Guangdong)	〃	12	433,555	—	04/10/2026
HSBC (Huizhou)	〃	16	422,716	—	05/08/2026
Bank of Taiwan (Union loan)	〃	17	2,149,350	3,562,360	05/10/2026
HSBC (Dongguan)	〃	16	169,086	—	08/07/2026
HSBC (Dongguan)	〃	16	134,402	—	08/21/2026
Far Eastern International Bank (Union loan)	〃	17	—	1,074,850	10/12/2026
E. Sun Bank (Union loan)	〃	18	1,158,891	396,896	12/08/2027
Bank of Taiwan (Union loan)	〃	17	921,150	921,300	12/13/2027
Total			$ 13,178,281	$ 14,749,764	
Current			$ 1,777,093	$ 863,360	
Noncurrent			$ 11,401,188	$ 13,886,404	
Rate			1.200%~7.585%	1.075%~6.890%	

(A) Please refer to Note 8. For property, plant and equipment pledged as collateral for long-term borrowing.

(B) Explanation:

No.1: Five-year term loan, repayable in 24 installments, interest to be paid monthly.

No.2: Five-year term loan, repayable in 25 installments, interest to be paid monthly.

No.3: Five-year term loan, repayable in 5 installments, interest to be paid monthly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.4: Five-year term loan, become due once repay, interest to be paid monthly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.5: Five-year term loan, repayable in 4 installments, interest to be paid monthly.

No.6: Seven-year term loan, repayable in 5 installments, interest to be paid monthly.

No.7: Seven-year term loan, repayable in 9 installments, interest to be paid monthly.

No.8: Three-year term loan, repayable in 6 installments, interest to be paid monthly.

No.9: Three-year term loan, repayable in 8 installments, interest to be paid quarterly.

No.10: Two-year term loan, repayable in 4 installments, interest to be paid monthly.

No.11: Five-year term loan, repayable in 9 installments, interest to be paid quarterly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.12: Three-year term loan, become due once repay, interest to be paid quarterly.

No.13: Three-year term loan, repayable in 7 installments, interest to be paid quarterly.

No.14: Three-year term loan, repayable in 9 installments, interest to be paid monthly.

No.15: Three-year term loan, repayable in 5 installments, interest to be paid quarterly.

No.16: Three-year term loan, repayable in 9 installments, interest to be paid quarterly.

No.17: Five-year term loan, repayable in 5 installments, interest to be paid quarterly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.18: Five-year term loan, repayable in 10 installments, interest to be paid quarterly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

(15) <u>RETIRED BENEFIT PLANS</u>

(A) Defined contribution plans

The Compeq Company adopted a pension plan according to the Labor Pension Act (the "LPA"), which is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Accordingly, the Company recognized expenses of $120,056 thousand and $122,179 thousand in the consolidated statements of comprehensive income ended December 31, 2023 and 2022, respectively.

The Company's mainland subsidiaries have a defined contribution plan Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Company has no further obligations. The pension costs under defined contribution pension plans of the Compeq Company for the years ended December 31, 2023 and 2022 were $512,468 thousand and $499,198 thousand, respectively.

(B) Defined benefit plans

(a) The Compeq Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contributed amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

(b) The pension costs of the defined benefit plans recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2023	2022
Current service cost	$ 8,571	$ 10,130
Net interest on the defined benefit liabilities	2,044	2,988
Recognized in profit or loss	10,615	13,118
Remeasurement:		
Expected return on plan assets	(11,205)	(86,456)
Actuarial loss (gain) arising from experience adjustments	(23,025)	43,835
Actuarial loss (gain) arising from changes in demographic assumptions	344	116
Actuarial loss (gain) arising from changes in financial assumptions	71,516	(81,129)
Components of defined benefit cost recognized in other comprehensive income	37,630	(123,634)
Total	$ 48,245	$ (110,516)

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the follows categories:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 8,092	$ 10,127
Selling and marketing expenses	250	196
General and administrative expenses	1,021	1,340
Research and development expenses	1,252	1,455
Total	$ 10,615	$ 13,118

(c) The amount arising from the defined benefit obligations of the Company in the consolidated balance sheets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 1,522,345	$ 1,598,019
Fair value of plan assets	(1,400,790)	(1,377,577)
Net defined benefit liabilities	$ 121,555	$ 220,442

(d) Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 1,598,019	$ 1,735,773
Current service cost	8,571	10,130
Interest cost	19,443	11,918
Benefits paid from plan assets	(152,523)	(122,624)
Defined benefit obligation pre-registration	1,473,510	1,635,197
Re-measurement:		
Actuarial loss (gain) arising from experience adjustment	(23,025)	43,835
Actuarial loss (gain) arising from changes in demographic assumptions	344	116
Actuarial loss (gain) arising from changes in financial assumptions	71,516	(81,129)
Ending of defined benefit obligation	$ 1,522,345	$ 1,598,019

(e) Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 1,377,577	$ 1,255,253
Expected return on plan assets	17,398	8,929
Re-measurement:		
Return on plan assets	11,205	86,456
Contributions from the employer	134,944	138,233
Benefits paid from plan assets	(140,334)	(111,294)
Balance, end of year	$ 1,400,790	$ 1,377,577
Actual return of plan assets	$ 28,603	$ 95,386

(f) The fair value of the plan assets by major categories at the end of reporting period were as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 1,400,790	$ 1,377,577

(g) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.25%
Future salary rate increase	1.50%	1.00%

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

a. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

   Assuming a hypothetical decrease in interest rate at the end of the reporting period contributed to a decrease of 0.25% in the discount rate and all other assumptions were held constant, the present value of the defined benefit obligation would increase by $34,209 thousand and $36,115 thousand as of December 31, 2023 and 2022, respectively.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

   Assuming the expected salary rate increases by 0.25% at the end of the reporting period and all other assumptions were held constant, the present value of the defined benefit obligation would increase by $34,021 thousand and $36,115 thousand as of December 31, 2023 and 2022, respectively.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated balance sheets.

(h) The Company expects to make contributions of $109,629 thousand to the defined benefit plans in the next year starting from December 31, 2023. The weighted average duration of the defined benefit obligation is 8 years.

(16) EQUITY

(A) Capital stock

	December 31, 2023	December 31, 2022
Numbers of shares authorized	$ 16,000,000	$ 16,000,000
Shares issued	$ 11,918,206	$ 11,918,206

(a) The capital stock represents common stock with 10 dollars par value, and carry one vote per share and the right to dividends.

(b) The Compeq Company’s authorized capital was $16,000,000 thousand by Ministry of Economic Affairs, including 100,000 thousand shares reserved for the conversion of employee’s stock warrants and 308,179 thousand shares of convertible bonds payable, which have not been issued.

(B) Capital surplus

	December 31, 2023	December 31, 2022
Convertible bonds	$ 935,127	$ 935,127
Accrued interest-premium of convertible bonds	30,609	30,609
Other	94,490	94,490
Total	$ 1,060,226	$ 1,060,226

Under the Securities and Exchange Act, capital surplus can only be used to offset a deficit when reserves are insufficient. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to 10% of the Company’s paid-in capital and once a year. Under the Company Act newly revised on January 4, 2012, capital surplus shall be distributed by cash. Also, the capital surplus from long-term investments may not be used for any purpose.

(C) Retained earnings

(a) The Compeq Company's articles of incorporation are as follows:

After the annual accounting settlement, if The Compeq Company has any earnings left, it shall first use the earnings to cover losses by law, followed by setting aside 10% of the remaining earnings as the legal surplus reserve. However, it is not limited to the circumstance where the legal surplus reserve has already reached the paid-up capital. Then, after setting aside the legal surplus reserve as required by law or competent authorities or reversing the special surplus reserve, the balance becomes the distributable earnings of the prevailing year. The distributable earnings of the prevailing year along with the undistributed earnings accumulated in the beginning of the same period are the earnings available for distribution, which shall be distributed in accordance with the principle below:

a. Given that The Compeq Company is in the technology industry and by considering the needs for reinforcing its corporate financial structure, fostering its operating earnings and expanding its business scale, it plans to adopt the residual dividend policy to strength its growth and sustainable operation.

b. According to the factors in the current and future investment environment, capital requirements, profitability, local and foreign competition status and capital budgeting, the board of directors of The Compeq Company plans to draft an earnings distribution proposal, which will be resolved by the board of shareholders. When distributing earnings, the earnings to be distributed shall come from those that are available for distribution, and, in principle, the contribution amount shall be no lower than 10% of the distributable earnings of the prevailing year.

c. The Compeq Company may distribute its earnings by cash or stock, in which, in principle, the ratio of cash dividend shall not be lower than 50% of the total dividend amount.

(b) The information about the employee and director's compensation, please refer to Note 6(23).

(c) According to the revised Company Law, effective January 2012, the appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(d) Pursuant to existing regulations, The Compeq Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity items (including exchange differences on translating foreign operations, unrealized gain [loss] on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of a cash flow hedge). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(e) Under Rule No. 1010012865 issued by the FSC on April 6, 2012 on the first-time adoption of Taiwan-IFRSs, the Compeq Company should appropriate to a special reserve an amount that is the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Compeq Company's use of exemptions under IFRS 1. However, at the date of transition to Taiwan-IFRSs, if the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments will be appropriated to special reserve. This special reserve may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The Copmeq Company without appropriated the special reserve because the unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings were both recognize $0 thousand.

(f) The Compeq appropriations of earnings for 2023 had been proposed in the meeting of Board of Directors held on March 7, 2024. The appropriations and dividends per share were as follow:

	Appropriation of Earnings	Dividends per Share (NT$)
Legal reserve	$ 413,827	
Special reserve	327,758	
Cash dividends	1,787,731	$ 1.5
Total	$ 2,529,316	

The appropriations of earnings for 2023 is to be presented for approval in the Compeq's shareholders' meeting to be held on May 30, 2024 (expected).

(g) The Compeq appropriations of earnings for 2022 had been proposed in the meeting of Board of Directors held on March 9, 2023 and approved in the meeting of shareholders on June 15, 2023. The Compeq Company's earning allocation for the previous year of 2021 was approved in the regular meeting of shareholders on July 9, 2022. The actual allocation of employees' bonus and remuneration to director auditors is the same as the proposed allocation passed by the board of directors. The appropriations and dividends per share were as follows:

	For Fiscal Year 2022		For Fiscal Year 2021	
	Appropriation of Earnings	Dividends per Share (NT$)	Appropriation of Earnings	Dividends per Share (NT$)
Legal reserve	$ 809,989		$ 515,251	
Special reserve	(338,937)	$ 2.70	124,929	$ 1.80
Cash dividends	3,217,916		2,145,277	
Total	$ 3,688,968		$ 2,785,457	

(D) Other equity items

	For the Year Ended December 31, 2023		
	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total
Balance, beginning of year	$ 56,916	$ (12,459)	$ 44,457
Exchange differences on translation of foreign operations	(478,730)	—	(478,730)
Exchange differences on translation of foreign operations income tax	95,746	—	95,746
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	—	(1,690)	(1,690)
Balance, end of year	$ (326,068)	$ (14,149)	$ (340,217)

	For the Year Ended December 31, 2022		
	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total
Balance, beginning of year	$ (338,826)	$ (12,570)	$ (351,396)
Exchange differences on translation of foreign operations	494,678	—	494,678
Exchange differences on translation of foreign operations income tax	(98,936)	—	(98,936)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	—	111	111
Balance, end of year	$ 56,916	$ (12,459)	$ 44,457

(17) EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic EPS	$ 3.50	$ 6.71
Diluted EPS	$ 3.48	$ 6.67

EPS is computed as follows:

(A) Basic earnings per share

	For the Year Ended December 31	
	2023	2022
Net income for the period attributable to owners of the Corporation	$ 4,168,375	$ 8,000,977
Weighted average number of ordinary shares outstanding (in thousand shares)	1,191,821	1,191,821
Basic EPS	$ 3.50	$ 6.71

(B) Diluted earnings per share

	For the Year Ended December 31	
	2023	2022
Net income for the period attributable to owners of the Corporation	$ 4,168,375	$ 8,000,977
Weighted average number of ordinary shares outstanding (in thousand shares)	1,191,821	1,191,821
Assumed conversion of all dilutive potential ordinary shares		
Employees' remuneration (in thousand shares)	5,647	6,847
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	1,197,468	1,198,668
Diluted EPS	$ 3.48	$ 6.67

(18) OPERATING REVENUES

The analysis of the Company operating revenues was as follows:

	For the Year Ended December 31	
	2023	2022
Taiwan	$ 2,530,295	$ 1,907,754
United States	3,022,396	3,698,128
Asia	61,320,726	70,672,385
Europe	70,150	86,511
Other	135,206	54,630
Total	$ 67,078,773	$ 76,419,408

(19) OTHER INCOME

	For the Year Ended December 31	
	2023	2022
Rent income	$ 229	$ 632
Other income, other	555,229	293,573
Total	$ 555,458	$ 294,205

(20) OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment (losses)	$ (51,559)	$ (128,369)
Foreign exchange gains (losses)	(70,150)	393,251
Gains on financial assets (liabilities) at fair value through profit or losses	15,373	(152,564)
Onerous contracts (losses)	(20,113)	30,947
Gains on lease modification (losses)	4	(4)
Miscellaneous disbursements	(229,821)	(183,804)
Total	$ (356,266)	$ (40,543)

(21) FINANCE COSTS

	For the Year Ended December 31	
	2023	2022
Interest expense	$ 602,391	$ 462,491
Interest on lease liabilities	5,088	4,863
Procedural expense	15,042	26,560
Less: interest capitalized	(55,166)	(46,259)
Total	$ 567,355	$ 447,655
Capitalization rates	1.583%～6.890%	1.056%～6.890%

(22) INCOME TAX

(A) Income tax recognized in profit or loss

(a) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
Current tax expense recognized in the current year	$ 1,013,985	$ 1,862,680
Additional 10% tax on undistributed earnings	220,546	117,453
Adjustments for prior year's income tax	(70,225)	(44,087)
Income tax credits	(174,294)	(263,459)
Subtotal	990,012	1,672,587
Deferred income tax expense (benefit)		
The origination and reversal of temporary difference	114,013	462,660
Income tax expense recognized in profit or loss	$ 1,104,025	$ 2,135,247

(b) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 1,154,079	$ 2,607,845
Tax effect of adjusting items:		
Nondeductible (deductible items in determining taxable income	(143,036)	(745,165)
Additional income tax on undistributed earnings	220,546	117,453
The origination and reversal of temporary difference	114,013	462,660
Income Basic Tax	2,942	—
Income tax credits	(174,294)	(263,459)
Adjustments for prior year's income tax	(70,225)	(44,087)
Income tax expense recognized in profit or loss	$ 1,104,025	$ 2,135,247

The tax rates of the subsidiaries in China are 15% and 25%. As for other areas, the tax shall be calculated according to the rates applicable in respective areas.

(B) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 66,940	$ 32,130
Current tax liabilities		
Income tax payable	$ 885,584	$ 1,161,128

(C) Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Current year		
Exchange differences on translation of foreign operations	$ (95,746)	$ 98,936
Remeasurement of defined benefit obligation	(7,526)	24,727
Income tax expense (benefit) recognized in the components of other comprehensive income	$ (103,272)	$ 123,663

(D) Deferred income tax balance

(a) The analysis of deferred income tax in the consolidated Balance Sheets was as follows:

	For the Year Ended December 31, 2023				
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Exchange Rate changes	Balance, End of year
Temporary difference					
Accounts receivable	$ 102,698	$ (5,453)	$ —	$ (101)	$ 97,144
Inventories	355,098	(7,558)	—	(4,000)	343,540
Other payables	64,866	(26,389)	—	(204)	38,273
Provisions	32,203	(4,773)	—	(303)	27,127
Net defined benefit liabilities	48,355	(24,865)	7,526	—	31,016
Other current liabilities	87,232	(7,139)	—	(899)	79,194
Unrealized loss on exchange	8,567	15,055	—	—	23,622
Exchange differences on translation of foreign operations	—	—	81,517	—	81,517
Investments in equity instruments at FVTOCI	3,115	—	422	—	3,537
Others	—	17,595	—	281	17,876
Deferred tax assets	$ 702,134	$ (43,527)	$ 89,465	$ (5,226)	$ 742,846
Temporary difference					
Financial liabilities at FVPTL	$ —	$ 309	$ —	$ (7)	$ 302
Investment gain	3,531,517	106,141	—	42	3,637,700
Property, plant and equipment	279,574	(32,244)	—	(4,007)	243,323
Exchange differences on translation of foreign operations	14,229	—	(14,229)	—	—
Others	9,490	(3,720)	—	(1)	5,769
Deferred tax liabilities	$ 3,834,810	$ 70,486	$ (14,229)	$ (3,973)	$ 3,887,094

	For the Year Ended December 31, 2022				
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Exchange Rate changes	Balance, End of year
Temporary difference					
Accounts receivable	$ 54,067	$ 48,712	$ —	$ (81)	$ 102,698
Inventories	269,263	83,654	—	2,181	355,098
Other payables	46,596	17,933	—	337	64,866
Provisions	27,073	4,822	—	308	32,203
Net defined benefit liabilities	98,105	(25,023)	(24,727)	—	48,355
Other current liabilities	120,055	(33,412)	—	589	87,232
Unrealized loss on exchange	5,546	3,021	—	—	8,567
Exchange differences on translation of foreign operations	84,707	—	(84,707)	—	—
Investments in equity instruments at FVTOCI	3,142	—	(27)	—	3,115
Others	7,811	(8,024)	—	213	—
Deferred tax assets	$ 716,365	$ 91,683	$ (109,461)	$ 3,547	$ 702,134
Temporary difference					
Investment gain	$ 3,131,109	$ 431,957	$ —	$ (31,549)	$ 3,531,517
Property, plant and equipment	155,685	121,816	—	2,073	279,574
Exchange differences on translation of foreign operations	—	—	14,229	—	14,229
Others	12,502	(3,095)	—	83	9,490
Deferred tax liabilities	$ 3,299,296	$ 550,678	$ 14,229	$ (29,393)	$ 3,834,810

(b) Items for which no deferred tax assets have been recognized

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 44,722	$ 37,357

(c) The reduction in income tax expenses of the year about the laws and decrees, items, income tax credits and expiry date of unused income tax credits were as follows: Unused the loss carryforwards:

Loss making year	Loss carryforwards	Deferred tax	Expiry year
2023	$ 1,589	$ 318	2031

(E) Income tax assessments

The Compeq Company's income tax and subsidiaries Hua Nian Investment Ltd it's income tax were returns through 2021 have been assessed by the tax authorities.

(F) The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2023 and 2022, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities were $280,276 thousand and $260,928 thousand.

(G) The Company has applied the exception to the requirements to recognise and disclose information on deferred tax assets and liabilities related to Pillar two income taxes.

(23) THE PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES OF THE COMPANY

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Personnel expenses	$ 9,726,796	$ 1,965,603	$11,692,399	$10,391,132	$ 2,136,116	$12,527,248
Direct labor	4,569,748	—	4,569,748	4,890,189	—	4,890,189
Payroll expense	3,493,122	1,701,866	5,194,988	3,842,892	1,890,572	5,733,464
Insurance expense	490,310	94,743	585,053	447,082	83,987	531,069
Pension	550,273	92,866	643,139	547,737	86,758	634,495
Others	623,343	76,128	699,471	663,232	74,799	738,031
Depreciation	5,448,267	68,642	5,516,909	5,021,464	61,302	5,082,766
Amortization	42,221	25,605	67,826	30,807	22,695	53,502

(A) According to the articles of the Compeq Company, if the Compeq Company has any profit in its comprehensive income statement of the prevailing year, 2% of the aforesaid profit shall be contributed for the employee compensation. The aforesaid profit refers to the benefit earned before deducting employee compensation from before-tax net profit. However, in case that the Compeq Company has any accumulated loss, it shall reserve an amount to cover the loss before contributing the amount for employee compensation according to the aforesaid ratio.

The preceding employee compensation can be distributed by either stock or cash, which shall be adopted by a majority of the directors of the Compeq Company present at the meeting attended by more than two-thirds of the entire body of directors and reported to the board of shareholders before implementation.

(B) The estimate of the Compeq Company's employee compensation for 2023 and 2022 was $107,349 thousand and $196,605 thousand respectively. According to the profit status as of the prevailing period, the aforesaid estimates were listed as operating cost and operating expenses pursuant to the articles of incorporation. Any change in the annual financial statements after its publication day shall be processed according to the accounting estimate change, in which the change amount shall be adjusted and recorded in the following year.

(C) The Compeq Company's profit sharing bonus to employees in the amounts of $196,605 thousand and $130,096 thousand in cash for 2022 and 2021, respectively, had been approved by the meeting of Board of Directors held on March 11, 2023 and March 11, 2022, respectively. The Company's profit sharing bonus to compensation to directors for the year ended December 31, 2023 and 2022 were both nil. There was no difference between the actual amounts of employees' compensation and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021 respectively.

(D) The information about the appropriations of The Compeq Company's profit sharing bonus to employees and compensation to directors is available at the Market Observation Post System website.

(24) CASH FLOW INFORMATION

(A) Non-cash transactions

	2023	2022
Increase in property, plant and equipment	$ 5,587,512	$ 7,250,888
Changes in Machinery and Equipment payable	1,026,435	(16,734)
Payments for acquisition of property, plant and equipment	$ 6,613,947	$ 7,234,154

(B) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Current portion of long-term borrowings)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	$ —	$ 14,749,764	$ 201,200	$ 14,950,964
Changes in cash flow from financing activities	211,132	(1,293,341)	(84,470)	(1,166,679)
Changes in Other non-cash items	—	—	85,298	85,298
Effect of exchange rate changes	5,645	(278,142)	(1,290)	(273,787)
December 31, 2023	$ 216,777	$ 13,178,281	$ 200,738	$ 13,595,796

	Long-term borrowings (Current portion of long-term borrowings)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	$ 15,408,983	$ 229,060	$ 15,638,043
Changes in cash flow from financing activities	(1,397,621)	(85,711)	(1,483,332)
Changes in Other non-cash items	—	56,187	56,187
Effect of exchange rate changes	738,402	1,664	740,066
December 31, 2022	$ 14,749,764	$ 201,200	$ 14,950,964

7. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between The Compeq Company and its subsidiaries, which are related parties of The Compeq Company, have been eliminated upon consolidation; therefore those items are not disclosed in this note. The compensation to directors and other key management personnel were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 110,442	$ 86,002
Post-employment benefits	12,189	11,329
Total	$ 122,631	$ 97,331

The compensation to directors and other key management personnel were determined by the Compensation Committee of The Compeq Company in accordance with the individual performance and the market trends.

8. PLEDGED ASSETS

		Book Value	
Items	Purpose	December 31, 2023	December 31, 2022
Restricted time deposits (Shown as other current financial assets)	Performance bond	$ 10,174	$ 10,055
Property, plant and equipment	Long-term borrowings	788,409	850,923

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS.

(1)

	December 31, 2023	December 31, 2022
The balance of the Company's LC amounts	NT 46,694 thousand US$ 3,569 thousand JP¥ 131,862 thousand EUR€ 24 thousand	NT 17,811 thousand US$ 12,085 thousand JP¥ 198,875 thousand EUR€ 336 thousand

(2) Unrecognized capital expenditure of the contracts has been signed for the purchase of equipment were as follows:

	December 31, 2023	December 31, 2022
Payable on equipment	NT 244,967 thousand CNY 192,568 thousand THB 736,849 thousand	NT 214,869 thousand CNY 349,724 thousand THB － thousand

10. SUBSEQUENT LOSSES: None.

11. SUBSEQUENT EVENTS: None.

12. OTHER

(1) CAPITAL MANAGEMENT

The Company plans its working capital (including R&D expenses and debt liquidation, etc.) required for the future in accordance with the characteristics currently existing in its industry and its future development status while it also considers the changes in the external environment, so as to ensure its sustainable operations. In so doing, the Company will be able to concurrently protect the interests of its shareholders and other related parties, maintain the optimal capital structure, and elevate the stockholder value. As a whole, the Company adopts a prudent risk management strategy.

(2) FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Financial assets				
Amortized cost				
Cash and cash equivalents	$ 11,241,891	$ 11,241,891	$ 11,859,565	$ 11,859,565
Notes and accounts receivables	16,712,964	16,712,964	16,657,923	16,657,923
Other receivables	359,579	359,579	350,915	350,915
Other current financial assets	4,883,725	4,883,725	2,766,626	2,766,626
Refundable deposits (including current)	60,543	60,543	53,504	53,504
Financial assets at fair value through profit or loss	214,365	214,365	141,973	141,973
Financial assets at fair value through other comprehensive income	13,444	13,444	15,556	15,556
Total	$ 33,486,511	$ 33,486,511	$ 31,846,062	$ 31,846,062
Financial liabilities				
Amortized cost				
Short-term borrowings	$ 216,777	$ 216,777	$ —	$ —
Notes and accounts payable	13,750,659	13,750,659	11,731,829	11,731,829
Other payables	6,545,116	6,545,116	8,153,746	8,153,746
Long-term borrowings (including current portion)	13,178,281	13,178,281	14,749,764	14,749,764
Guarantee deposits (including current)	94,655	94,655	86,698	86,698
Total	$ 33,785,488	$ 33,785,488	$ 34,722,037	$ 34,722,037

(B) Financial risk management objectives

The currency risk, interest rate risk, credit risk and liquidity risk related to management and operation activities are the target of the Company's financial risk management. The Company has devoted its efforts to recognizing, assessing and hedging market uncertainty in an attempt to reduce the potential adverse influence of market change on the Company's financial performance.

The Company's major financial activities have all been re-checked by its board of directors in accordance with the related regulations and internal control system. During the financial plan execution period, the Company has to strictly follow the financial operation procedures related to overall financial risk management and accrual basis.

(C) Market risk

The Company is exposed to the market risks arising from changes in foreign exchange rates, interest rates and the prices in equity investments, and utilizes some derivative financial instruments to reduce the related risks.

(a) Foreign currency risk

Most of the Company's operating activities and investment in foreign are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative shore-term borrowing and financial instruments, including currency forward contracts and cross currency swaps, to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity of the derivative financial instruments engaged by the Company is all less than six months, which does not meet the terms for accounting hedge.

For the sensitivity analysis of the foreign currency risk, the calculation is made according to the foreign currency items listed at the financial reporting closing date. When the NT dollar appreciates or depreciates 1% against a foreign currency, the Company's net profit or loss in 2023 and 2022 will increase or decrease by $44,172 thousand and $57,229 thousand respectively.

(b) Interest rate risk

Interest rate risk refers the risk caused by the change in the fair value of financial instruments as a result of change of the market interest rate. The Company's interest rate risk mainly comes from its mid-and long-term loans and the floating of the interest rates for the income investments with a fixed or floating interest rate

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of the bank loan and the floating interest rate at the final day of the financial report period, and a quarter's effect is assumed to be held. If the interest rate increased or decreased by 1%, the Company's profit or loss as of December 31, 2023 and December 31, 2022 would increase or decrease by $(314) thousand and $(774) thousand respectively.

(c) Other price risk

The Company's equity securities, which are expose to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

The Company's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,122 thousand and $1,420 thousand, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $134 thousand and $156 thousand, respectively, as a result of other comprehensive income classified equity investment at fair value through other comprehensive income.

(D) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

(a) Business related credit risk

In order to maintain its quality of accounts receivable, the Company has set up its operation related credit risk management procedure.

The individual customer risk assessment covers the factors of an individual customer's financial status and credit rating agency's ratings, the Company's internal credit ratings and historical transaction records and current economic status, etc. which may affect customer's solvency capacity. In addition, the Company will also use some credit enhancement instruments, such as purchase prepayment and credit insurance, etc., at an appropriate time to reduce the credit risk of some specific customers.

As of December 31, 2023 and 2022, the Company's ten largest customers accounted for 59% and 62% of notes and accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(b) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's financial department. The Company's transaction counterparts and contract performance parties are the financial institutions with good credit, and the Company has diversified its risk by dealing with multiple financial institutions, so there shall be no significant credit risk caused by too much concentration on some financial institutions and no significant doubt about contract performance. As such, the Company shall have no material credit risk.

(E) Liquidity risk management

The purpose of the Company's management of liquidity risk is to maintain the cash and cash equivalents, high liquidity securities and enough bank financing facilities required for business operations, so as to ensure sufficiency of the Company's financial flexibility.

(a) The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principles and interests.

	December 31, 2023				
	Less Than 1 year	2-3 year	4-5 year	Over 6 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 216,777	$ —	$ —	$ —	$ 216,777
Notes and accounts payable	13,750,659	—	—	—	13,750,659
Other payable	6,588,472	—	—	—	6,588,472
Lease liabilities	70,729	61,683	25,602	51,980	209,994
Long-term borrowings	1,777,093	6,578,556	4,217,632	605,000	13,178,281
Guarantee deposits	94,655	—	—	—	94,655
Total	$ 22,498,385	$ 6,640,239	$ 4,243,234	$ 656,980	$ 34,038,838

	December 31, 2022				
	Less Than 1 year	2-3 year	4-5 year	Over 6 years	Total
Non-derivative financial liabilities					
Notes and accounts payable	$ 11,731,829	$ —	$ —	$ —	$ 11,731,829
Other payable	8,153,746	—	—	—	8,153,746
Lease liabilities	58,219	63,907	26,379	63,209	211,714
Long-term borrowings	863,360	5,892,733	7,993,671	—	14,749,764
Guarantee deposits	86,698	—	—	—	86,698
Total	$ 20,893,852	$ 5,956,640	$ 8,020,050	$ 63,209	$ 34,933,751

(b) Bank credit limit

	December 31, 2023	December 31, 2022
Secured bank general credit limit		
Total	$ 1,200,000	$ 1,200,000
Unsecured bank general credit limit		
Total	$ 27,725,008	$ 28,798,162

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

(A) Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities carried at amortized cost recognized in the consolidated financial statements approximate their fair values.

(B) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

(a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes interest rate futures contracts, publicly traded stocks, money market funds, government bonds, agency bonds and corporate bonds).

(b) Forward exchange contracts are measured using quoted forward exchange rates.

(c) The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(C) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; active market refers to the market meeting the terms below: the products traded in the market are in homogeneity; buyers and sellers with trading intention are available in the market and the price information is open to the public.

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(D) Financial assets and liabilities measured at fair value on a recurring basis

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Publicly traded stocks	$ 169,958	$ —	$ —	$ 169,958
Emerging stocks	—	13,883	—	13,883
Non-Publicly traded stocks	—	—	28,369	28,369
Financial assets at fair value through other comprehensive income				
Foreign unlisted stocks	—	—	13,444	13,444
Total	$ 169,958	$ 13,883	$ 41,813	$ 225,654

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Publicly traded stocks	$ 134,174	$ —	$ —	$ 134,174
Emerging stocks	—	7,799	—	7,799
Financial assets at fair value through other comprehensive income				
Foreign unlisted stocks	—	—	15,556	15,556
Total	$ 134,174	$ 7,799	$ 15,556	$ 157,529

(E) Level 1 fair value measurement item applies a market offer as the fair value input value, with breakdown as follows:

Item	Market quoted
Stock of Listed (OTC) companies	Close price

(F) Level 2 fair value measurement item applies the observable input values of recent transaction price and offer data of Taipei Exchange, to serve as the foundation of evaluating fair values.

(G) For assets and liabilities held as of December 31, 2023 and 2022 that are measured at fair value on a recurring basis, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(H) Reconciliation of Level 3 fair value measurements of financial assets

	For the Year Ended December 31			
	2023		2022	
	Financial asset or financial liability at fair value through profit	Financial asset at fair value through other comprehensive gains or losses	Financial asset or financial liability at fair value through profit	Financial asset at fair value through other comprehensive gains or losses
Balance, beginning of year	$ —	$ 15,556	$ —	$ 15,418
Additions	24,921	—	—	—
Recognized in other comprehensive income	3,448	(2,112)	—	138
Balance, end of year	$ 28,369	$ 13,444	$ —	$ 15,556

(I) The Company valuation process for the fair value measurement with in the third-level was conducted by the company department for independent fair value verification of financial instruments. Using independent date to bring evaluation results closer to market conditions, and regularly update the input values required by the evaluation model and any adjustments should be made in order to ensure the rationality of the valuation presented.

(J) Level 3 fair value measurement is based on the market approach values. The company takes great caution in the selection of valuation models and valuation parameters for the key, non-observable values. Therefore, the measurement of fair values should be reasonable. The use of different valuation models or valuation parameters may result in different numbers. For example, If the evaluation parameter's share price net multiplier increases, the market liquidity discount decreases, and the weighted average capital cost discount rate decreases, the fair value of the investment will be increased.

(K) There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2023 and 2022.

(4) SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

(A) The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2023		
	Foreign currencies (In thousands)	Exchange Rare	Book Value (NTD)
Financial assets			
Monetary items			
USD	$ 410,366	30.705	$ 12,600,293
JPY	1,294,353	0.2172	281,134
CNY	3,273	4.327	14,161
SGD	54	23.29	1,269
Financial liabilities			
Monetary items			
USD	274,674	30.705	8,433,864
EUR	70	33.98	2,380
JPY	37,367	0.2172	8,116
HKD	8,228	3.929	32,329
CNY	722	4.327	3,122

	December 31, 2022		
	Foreign currencies (In thousands)	Exchange Rare	Book Value (NTD)
Financial assets			
Monetary items			
USD	$ 543,907	30.71	$ 16,703,397
JPY	1,918,834	0.2324	445,937
CNY	12,151	4.408	53,560
SGD	54	22.88	1,231
Financial liabilities			
Monetary items			
USD	361,714	30.71	11,108,243
EUR	380	32.72	12,430
JPY	1,346,613	0.2324	312,953
HKD	9,638	3.938	37,953
CNY	2,242	4.408	9,882

Note: The functional currency of some of the consolidated entities is not the NT dollar, so this factor shall be taken into account in disclosure. For instance, when a subsidiary's functional currency is the RMB, its US dollar foreign currency position shall be the factor required to be taken into consideration.

(B) Since the Company has numerous categories of foreign currency transactions, there is no way for it to disclose the details according to respective major currencies. As such, the information on exchange gain or loss of currency items is disclosed in a way of summarization. For the Company's exchange gains and losses, the realized gain were $451,603 thousand and unrealized loss were $521,753 thousand in 2023, respectively, whereas the realized gain was $1,152,287 thousand and unrealized loss was $759,036 thousand in 2022, respectively.

13. ADDITIONAL DISCLOSURES

The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(1) Information on significant transactions:

A. Financing provided to others: Please see Table 1 attached;

B. Endorsements/guarantees provided: Please see Table 2 attached;

C. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 3 attached;

D. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None;

E. Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: Please see Table 4 to Table 4 attached;

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

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 to Table 5-1 attached;

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 6 attached;

I. Trading in derivative instruments: Please see Note 6(2) and Note 12(2) attached;

J. Intercompany relationships and significant intercompany transactions: Please see Table 7 to Table 7-7 attached;

(2) Information on investees:

A. Significant transactions information: Please see Table 1 to Table 6 and Table 9 attached;

B. Names, locations, and related information of investees over which The Company exercises significant influence: Please see Table 8 attached;

(3) Information on investment in Mainland China:

A. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 9 attached.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 1 to Table 6 and Table 7 to Table 7-7 attached.

(4) Information of major shareholder:

No shareholders hold more than 5% shares.

TABLE 1

FINANCING PROVIDED

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
0	Compeq Manufacturig Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Other receivables	Yes	$ 3,070,500 US$ 100,000	$ 3,070,500 US$ 100,000	$ 1,535,250 US$ 50,000	5.300%	2	－	Operating capital and Repayments of bank borrowings	－	－	－	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	Compeq Manufacturig (Suzhou) Co., Ltd.	Other receivables	Yes	$ 1,228,200 US$ 40,000	$ 614,100 US$ 20,000	$ 153,525 US$ 5,000	6.005%	2	－	Operating capital	－	－	－	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	Compeq Manufacturig (Huizhou) Co., Ltd.	Other receivables	Yes	$ 921,150 US$ 30,000	$ 921,150 US$ 30,000	None	－	2	－	Operating capital and Repayments of bank borrowings	－	－	－	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	Compeq Manufacturig (Choungqing) Co., Ltd.	Other receivables	Yes	$ 3,070,500 US$ 100,000	$ 3,070,500 US$ 100,000	$ 614,100 US$ 20,000	5.310%	2	－	Operating capital and Repayments of bank borrowings	－	－	－	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	COMPEQ (Thailand) Co., Ltd.	Other receivables	Yes	$ 1,535,250 US$ 50,000	$ 1,535,250 US$ 50,000	None	－	2	－	Operating capital	－	－	－	$ 15,701,028	$ 15,701,028

Note 1：The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2：The nature for financing is coded as follows:

1. Bussiness relationship is coded "1".
2. Short-term financing is coded "2".

Note 3：The counter-party that was directly and indirectly holds more than 67% of the voting shares and controlling, the limit of financing amount for individual counter-party shall not exceed 40% of the lender's net asset value as of the period. Limit of total financing amount shall not exceed 40% of the Company's net asset value.

TABLE 2

ENDORSEMENTS / GUARANTEES PROVIDED

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Endorsement / Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party (Note 4)	Maximum Balance for the Period (US$ in Thousands)	Ending Balance (US$ in Thousands)	Amount Actually Draw (US$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement / Guarantee Amount Allowable (Note 5)	Guarantee Provided by Parent Company (Note 6)	Guarantee Provided by A Subsidiary (Note 6)	Guarantee Provided to Subsidiaries in Mainland China (Note 6)
		Name	Nature of Relationship (Note 2)										
0	Compeq Manufacturing Co., Ltd.	HUATON HOLDINGS LIMITED	2	$ 23,551,541	$ 107,468 US$ 3,500	$ 107,468 US$ 3,500	$ – US$ –	None	–	$ 47,103,083	Y	–	–
0	Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	2	$ 23,551,541	$ 3,776,715 US$ 123,000	$ 3,316,140 US$ 108,000	$ 29,876 US$ 973	None	8%	$ 47,103,083	Y	–	–
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	2	$ 23,551,541	$ 1,228,200 US$ 40,000	$ – US$ –	$ – US$ –	None	–	$ 47,103,083	Y	–	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	2	$ 23,551,541	$ 153,525 US$ 5,000	$ 153,525 US$ 5,000	$ – US$ –	None	–	$ 47,103,083	Y	–	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	2	$ 23,551,541	$ 6,448,050 US$ 210,000	$ 2,763,450 US$ 90,000	$ 2,077,592 US$ 67,663	None	7%	$ 47,103,083	Y	–	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	2	$ 23,551,541	$ 7,062,150 US$ 230,000	$ 7,062,150 US$ 230,000	$ 2,149,350 US$ 70,000	None	18%	$ 47,103,083	Y	–	Y
0	Compeq Manufacturing Co., Ltd.	Huabo Technology (Huizhou) Co., Ltd.	2	$ 23,551,541	$ 521,985 US$ 17,000	$ 521,985 US$ 17,000	$ 203,329 US$ 6,622	None	1%	$ 47,103,083	Y	–	Y
1	Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	4	$ 5,493,312 US$ 178,906	$ 4,206,585 US$ 137,000	$ 4,206,585 US$ 137,000	$ 1,457,966 US$ 47,483	None	11%	$ 9,155,520 US$ 298,177	–	–	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded “0”.
2. The subsidiaries are coded consecutively beginning from ”1” in the order presented in the table above.

Note 2: According to the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that 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. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The calculation method and the ceiling amount shall be indicated. If there are contingent losses recognized in financial statements, the recognized amounts shall be indicated.

Note 4: 10% of the net value shown in its latest financial statement. However, for any single enterprise where the Company directly or indirectly holds more than 90% of its voting shares, the amount shall not exceed 60% of the net value shown in the Company’s latest financial statement. The amount for a single enterprise shall not exceed 20% of the net value shown in the Company and its subsidiaries’ latest financial statement. Nevertheless, if the Company directly or indirectly holds more than 90% of the single enterprise’s voting shares, the amount shall be no more than 70% of the net value shown in the Company’s latest financial statement. 10% of the net value shown in its latest financial statement of Compeq Manufacturing (Huizhou) Co., Ltd, if the Company directly or indirectly holds more than 90% of the single enterprise’s voting shares, the amount shall be no more than 60% of the net value shown in the Company’s latest financial statement.

Note 5: One and two times as much as the net value shown in the Company’s latest financial statement; one and a half times as much as the net value shown in the Company and its subsidiaries’ latest financial statement. Two time as much as the net value shown in the Compeq Manufacturing (Huizhou) Co., Ltd.’s latest financial statement.

Note 6: Under the circumstance where the TSE or OTC listed parent company endorses or guarantees its subsidiaries, the subsidiary endorses or guarantees its TSE or OTC listed parent company or the endorsement and guarantee is made in mainland China, “Y” shall be filled in.

TABLE 3

MARKETABLE SECURITIES HELD

Amounts in Thousands of New Taiwan Dollars.

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
	Stock							
Hua Nian Investment Ltd.	JIH LIN TECHNOLOGY CO., LTD.	None	Financial assets at fair value through profit or losscurrent	285,000	$ 20,520	0.28%	$ 20,520	
	XAVi Technologies Corporation	〃	〃	508,000	19,126	0.66%	19,126	
	CoreMax Corporation	〃	〃	377,000	29,481	0.32%	29,481	
	E-LEAD ELECTRONIC CO., LTD.	〃	〃	188,000	12,220	0.15%	12,220	
	Lanner Electranics Inc.	〃	〃	378,760	42,610	0.26%	42,610	
	ALLIED CIRCUIT CO., LTD.	〃	〃	48,000	7,440	0.09%	7,440	
	Co-Tech Development Corporation	〃	〃	78,000	4,727	0.03%	4,727	
	Taiwan Union Technology Corporation	〃	〃	138,000	17,388	0.05%	17,388	
	Cathay U.S. Treasury 2at Year Band ETF	〃	〃	517,000	16,446	—	16,446	
	Lian Hong Art Co., Ltd.	〃	〃	331,094	8,496	0.87%	8,496	
	Ubiqconn Technology Inc.	〃	〃	85,000	5,387	0.11%	5,387	
	nFore Technology Co., LTD.	〃	〃	519,191	28,369	1.48%	28,369	
	AutoSys Co., Ltd.	〃	Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	13,444	6.50%	13,444	

Note: Excluding subsidiaries.

TABLE 4

ACQUISITION OF REAL ESTATE REACHING NT$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

Amounts in Thousands of New Taiwan Dollars

Real estate acquired by	Real estate acquired	Date of event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
COMPEQ (Thailand) Co., Ltd.	Samut Parkan Province, Bang Bo District, Asia Industrial Estate in Thailand	April 26, 2023	$ 867,665	Paid in full	ASIA INDUSTRIAL ESTATE CO., LTD.	—	—	—	—	$ —	Reference to the land appraisal report issued by Bungkok Property Appraisal Co., Ltd., the board of Directors will make a decisian after negotiation	Constructing factory buildings	—

TABLE 5

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relation ships	Transaction Details				Details of non-arm's length transaction		Notes and Accounts receivable (payable)		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands)	Percentage of total purchases (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	Percentage of total receivables (payable)	
Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Purchases	$ 12,091,343	65%	60～90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	$ 3,133,066	47%	2
Compeq Manufacturing Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Purchases	1,314,726	6%	60～90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	304,945	5%	2
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	Purchases	416,645	2%	60～90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	46,863	1%	1 2
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Subsidiary	Sales	141,234	—	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	4,856	—	1 2
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	Sales	190,418	1%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	—	—	1 2

TABLE 5-1

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relation ships	Transaction Details				Details of non-arm's length transaction		Notes and Accounts receivable (payable)		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands)	Percentage of total purchases (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	Percentage of total receivables (payable)	
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	Sales	US$ 7,680	2%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 3,486	4%	1 2
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	Purchases	US$ 4,281	2%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ —	—	1 2
Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Sales	US$ 163,561	43%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 23,402	29%	2
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	Purchases	US$ 97,534	44%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 42,663	33%	1 2
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	Sales	US$ 14,156	4%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ —	—	1 2
Compeq Manufacturing (Suzhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Sales	US$ 57,941	57%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 12,266	50%	2
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Sales	US$ 717,753	86%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 213,330	82%	1 2
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Purchases	US$ 6,269	2%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ —	—	1 2
Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Sales	US$ 221,485	71%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 79,021	65%	2

Note 1: As agreed by both parties, the settlement of accounts receivables and accounts payable was finalized in accordance with the net amount at the end of the period.
Note 2: The related parties have been eliminated upon consolidation.
Note 3: The calculation was made according to the ratio of the net amount of respective account titles prior to consolidation.

TABLE 6

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relationships	Ending Balance (Foreign Currencies in Thousands)	Turnover rate	Overdue receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	$ 157,438 (Note 1)	(Note 2)	None	None	$ 3	—
Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	$ 1,608,741 (Note 1)	(Note 2)	None	None	$ 1,608,741	—
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	$ 645,588 (Note 1)	(Note 2)	None	None	$ 645,588	—
PELICAN COVE INVESTMENT LTD.	Compeq Manufacturing Co., Ltd.	Parent company	US$ 102,428 (Note 1)	3.40	None	None	US$ 67,111	—
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	US$ 3,486 (Note 1)	2.85	None	None	US$ 1,337	—
Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	US$ 23,402 (Note 1)	6.34	None	None	US$ 23,402	—
Compeq Manufacturing (Suzhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Co., Ltd.	Subsidiary	US$ 12,266 (Note 1)	3.45	None	None	US$ 9,902	—
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Co., Ltd.	Subsidiary	US$ 213,330 (Note 1)	3.74	None	None	US$ 151,000	—
Compeq Manufacturing (Chongqing) Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Subsidiary	US$ 42,663 (Note 1)	2.98	None	None	US$ 25,031	—
Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	US$ 79,021 (Note 1)	2.07	None	None	US$ 44,257	—
Hong Kong Compeq Huizhou Trading Co., Ltd.	Compeq Manufacturing Co., Ltd.	Parent company	US$ 9,931 (Note 1)	5.45	None	None	US$ 9,927	—

Note 1 : The related parties have been eliminated upon consolidation.

Note 2 : The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

TABLE 7

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	1	Net sales	$ 141,234	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	–
				Premium income	32,614	Half year closing, 60-90 days	–
				Purchases	12,423	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	–
				Accounts receivable	4,856	〃	–
				Other receivables	601	〃	–
				Compensation losses	2,094	〃	–
		Compeq Manufacturing (Suzhou) Co., Ltd.	1	Net sales	190,418	〃	–
				Compensation income	188	〃	–
				Premium income	1,186	Half year closing, 60-90 days.	–
				Interest revenue	8,873		–
				Other receivables	157,438	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	–
				Purchases	416,645		1%
				Accounts payable	46,863	〃	–

TABLE 7-1

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	1	Net sales	$ 3,817	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Other non-operation income	10,110	〃	—
				Premium income	8,079	Half year closing, 60-90 days.	—
				Interest revenue	73,364		—
				Accounts receivable	295	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Other receivables	1,608,741	〃	2%
		Compeq Manufacturing (Chongqing) Co., Ltd.	1	Net sales	2,579	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Premium income	60,920	Half year closing, 60-90 days	—
				Interest income	30,072		—
				Accounts receivable	17,319	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Other receivables	645,588	〃	1%
		PELICAN COVE INVESTMENT LTD.	1	sales of fixed assets	6,826	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Other non-operation income	20,158	Quarterly settlement	—

TABLE 7-2

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	1	Other receivables	$ 44,133	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Purchases	12,091,343	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	18%
				Compensation losses	13,956	〃	—
				Accounts payable	3,133,066	〃	4%
		Hong Kong Compeq Huizhou Trading Company Limited	1	Other non-operation income	13,024	Quarterly settlement	—
				Premium income	2,688	Half year closing, 60-90 days.	—
				Purchases	1,314,726	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	2%
				Compensation losses	54,185	〃	—
				Other receivables	16,614	〃	—
				Accounts payable	304,945	〃	—
				Unearned receipts	1,828		—
1	Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	3	Net sales	$ 40,131 US$ 1,288	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	—
				Other operation income	$ 199,357 US$ 6,392	〃	—
				Sales of fixed assets	$ 19,162 US$ 622	〃	—
				Other non-operation income	$ 27,606 US$ 887	〃	—

TABLE 7-3

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
1	Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	3	Accounts receivable	$ 107,040 US$ 3,486	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	—
				Other receivables	$ 375,665 US$ 12,235	〃	—
				Purchases of fixed assets	$ 14,281 US$ 456	〃	—
				Purchases	$ 131,605 US$ 4,281	〃	—
				Commissioned processing feet	$ 19,972 US$ 641	〃	—
				Unearned receipts	$ 4,264 US$ 139		—
		Compeq Manufacturing (Suzhou) Co., Ltd.	3	Net sales	$ 2,389 US$ 76	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Accounts receivable	$ 1,338 US$ 44	〃	—
		Compeq Manufacturing (Chongqing) Co., Ltd.	3	Net sales	$ 440,093 US$ 14,156	〃	1%
				Purchases	$ 3,045,264 US$ 97,534	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	5%
				Rent expense	$ 894 US$ 28		—
				Accounts payable	$ 1,309,963 US$ 42,663	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	2%

TABLE 7-4

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
1	Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	3	Net sales	$ 5,093,548 US$ 163,561	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	8%
				Compensation income	$ 44,809 US$ 1,402	〃	—
				Accounts Receivable	$ 718,574 US$ 23,402	〃	1%
				Other receivables	$ 1,834 US$ 60	〃	—
				Provision-current	$ 3,616 US$ 118	〃	—
2	Compeq Manufacturing (Suzhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	3	Net sales	$ 5,147 US$ 163	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	—
				Other operation income	$ 3,725 US$ 118	〃	—
				Sales of fixed assets	$ 644 US$ 20	〃	—
				Other receivables	$ 711 US$ 23	〃	—
				Purchases	$ 23,793 US$ 761	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Accounts payable	$ 101 US$ 3	〃	—

TABLE 7-5

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
2	Compeq Manufacturing (Suzhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	3	Purchases	$ 8,277 US$ 264	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	—
				Accounts payable	$ 3,918 US$ 128	〃	—
		Hong Kong Compeq Huizhou Trading Company Limited	3	Net sales	$ 1,807,140 US$ 57,941	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	3%
				Accounts receivable	$ 376,633 US$ 12,266	〃	—
3	Compeq Technology (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	3	Purchases of fixed assets	$ 4,166 US$ 132	120-360 days	—
				Other payables	$ 4,041 US$ 132	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
		Compeq Manufacturing (Chongqing) Co., Ltd.	3	Net sales	$ 1,141 US$ 36	〃	—
				Accounts receivable	$ 137 US$ 4	〃	—

TABLE 7-6

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
3	Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	3	Net sales	$ 22,454,138 US$ 717,753	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	33%
				Accounts receivable	$ 6,550,286 US$ 213,330	〃	8%
				Purchases	$ 195,918 US$ 6,269	〃	—
				Compensation losses	$ 1,421 US$ 66	〃	—
				Provision-current	$ 13,511 US$ 440	〃	—
		Huabo Technology (Huizhou) Co., Ltd.	3	Other non-operation income	$ 530 US$ 17	〃	—
4	Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	3	Net sales	$ 6,898,520 US$ 221,485	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 90-120 days.	10%
				Accounts receivable	$ 2,426,352 US$ 79,021	〃	3%
				Purchase of fixed assets	$ 233,052 US$ 7,575	120-360 days	—
				Purchases of intangible assets	$ 2,179 US$ 71	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—

TABLE 7-7

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
4	Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	3	Compensation losses	$ 29,792 US$ 957	The price finalized by both buyer and seller is equivalent to that offered by other firms, and the credit period is 60-90 days.	—
				Other payables	$ 222 US$ 7	〃	—
				Provision-current	$ 10,576 US$ 344	〃	—

Note 1: The Compeq Company and its subsidiaries are coded as follows:

1. The Compeq Company is coded “0”.
2. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item’s balance at period-end. For profit or loss items, cumulative balances are used as basis.

TABLE 8

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION OF INVESTMENT MAINLAND CHINA)

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2023			Net Income (Losses) of the Investee (Foreign Currencies in Thousands)	Shares of Profits/Losses of Investee (Foreign Currencies in Thousands)	Notes
				December 31, 2023 (Foreign Currencies in Thousands)	December 31, 2022 (Foreign Currencies in Thousands)	Shares	Percentage of ownership	Carrying value (Foreign in Thousands)			
Compeq Manufacturing Co., Ltd.	HUATON HOLDINGS LIMITED	BVI	Investment	$ 3,771,004	$ 3,771,004	240,886,000	100.00%	$ 27,975,453	$ 629,058 US$ 19,444	$ 649,300 (Note 1,2)	Subsidiary
	PELICAN COVE INVESTMENT LTD.	SAMOA	Trading	559,685	559,685	17,700,000	100.00%	752,889	$ 15,105 US$ 530	$ 15,105 (Note 2)	Subsidiary
	Hua Nian Investment Ltd.	TAIWAN	General investing	250,000	250,000	30,000,000	100.00%	333,630	$ 47,586	$ 47,586 (Note 2)	Subsidiary
	LITON HOLDINGS LIMITED	BVI	Investment (Indirectly investment in Mainland China)	168,250	168,250	100,000	100.00%	1,268	$ (91) US$ 3	$ (91) (Note 2)	Subsidiary
	COMPEQ (Thailand) Co., Ltd.	THAILAND	PCB manufacturing and sales	1,694,112	—	187,500,000	100.00%	1,689,409	$ (1,275) THB (1,418)	$ (1,275) (Note 2)	Subsidiary
HUATON HOLDINGS LIMITED	Hong Kong Huaton Holdings Trading Company Limited	Hong Kong	Trading	$ 9,212 US$ 300	$ 9,212 US$ 300	—	100.00%	$ 7,440 US$ 242	$ 250 US$ 8	(Note 3)	Subsidiary
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Hong Kong	Trading	$ 8,206 US$ 267	$ 8,206 US$ 267	—	100.00%	$ 333,588 US$ 10,864	$ 77,608 US$ 2,436	(Note 3)	Subsidiary

Note 1: The investment profits and losses recognized in the current period include the recognition and deletion of realized and unrealized profits and losses.

Note 2: The related parties have been eliminated upon consolidation.

Note 3: The current period profit and loss of the investee company were already included in the investment company's income statement, so they are not separately presented.

Note 4: The current period profit and loss of the investee company and the investment profit and loss recognized in the current period by the investee company are converted in accordance with the average exchange rate, while other profits and losses are converted according to the exchange rate at the end of the period.

TABLE 9

INFORMATION ON INVESTMENT IN MAINLAND CHINA

1.

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Investee Company	Main Businesses and products	Total Amount of paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outflow of Investment January 1, 2023 (US$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (US$ in Thousands)	Net income (loss) of investee company	Percentage of Ownership	Shares of profits/Losses (Note 2)	Carrying Amount (US$ in Thousands) as of December 31, 2023 (US$ in Thousands)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Compeq Manufacturing (Huizhou) Co., Ltd.	PCB manufacturing and sales	$ 4,518,944 CNY$ 1,042,301	(Note 1)	$ 1,535,250 US$ 50,000	—	—	$ 1,535,250 US$ 50,000	$ 64,440 CNY$ 14,657	100%	$ 64,104 US$ 1,932	$ 9,161,885 US$ 298,384	—
Compeq Manufacturing (Suzhou) Co., Ltd.	PCB manufacturing and sales	$ 396,156 CNY$ 91,374	(Note 2)	$ 337,755 US$ 11,000	—	—	$ 337,755 US$ 11,000	$ 43,798 CNY$ 9,933	100%	$ 43,798 US$ 1,395	$ 1,179,002 US$ 38,398	—
Compeq Technology (Huizhou) Co., Ltd.	PCB manufacturing and sales	$ 5,551,883 CNY$ 1,280,550	(Note 1)	$ 1,473,840 US$ 48,000	—	—	$ 1,473,840 US$ 48,000	$ 626,302 CNY$141,546	100%	$ 626,808 US$ 19,499	$ 11,300,384 US$ 368,031	—
Compeq Manufacturing (Chongqing) Co., Ltd.	PCB manufacturing and sales	$ 2,308,200 CNY$532,390	(Note 1)	—	—	—	—	$ 96,739 CNY$ 21,449	100%	$ 96,739 US$ 2,946	$ 10,132,445 US$ 329,993	$ 1,612,179 US$ 52,018
Huabo Technology (Huizhou) Co., Ltd.	Electronic manufacturing 、Outsourcing processing 、Plant lease 、Property management 、Equipment leasing and electronic technology management and technical consulting	$ 1,256,182 CNY$289,740	(Note 3)	—	—	—	—	$ 15,916 CNY$ 3,611	100%	$ 15,916 US$ 512	$ 1,383,762 US$ 45,006	—

Accumulated Investment in Mainland China as of December 31, 2023 (US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousands)	Upper Limit on Investment (US$ in Thousands)
$ 3,779,478 [US$ 123,090]	$ 10,653,130 [US$ 346,951]	$ — (Note 6)

Note 1: Indirectly investment in Mainland China through the HUATON HOLDINGS LIMITED registered in a third region.

Note 2: Originally indirectly investment in Mainland China through the HUATON HOLDINGS LIMITED registered in a third region. In April 2020, investment in Mainland Company through an investment company in mainland China.

Note 3: Investment in Mainland Company through an investment company in Mainland China.

Note 4: The investment income (loss) recognized in current period adopted the financial statement certificated by the CPA of the parent company in Taiwan.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date. (US$1:NT$30.705, US$1:NT$31.66, CNY$1:NT$4.3355 CNY$1:NT$4.4356)

Note 6: The Company already received the letter of corporate operation headquarters establishment issued by Industrial Development Bureau, MOEA, and the approval period has been from March 14, 2023 to March 13, 2026. It could be exempt from the restriction on investment amounts or ratios.

2.

The Company invested resolution	Investment Amounts		Investment Amounts	Indirectly Investment in Mainland China	
	Approved Number	Authorized Amounts		Investment outflow	Purpose
HUATON HOLDINGS LIMITED	1995/09/29-(84)-84015347	US$ 20,000,000	US$ 20,000,000	US$ 20,000,000	Indirectly investment Compeq Manufacturing (Huizhou) Co., Ltd.
〃	1997/07/14-(86)-86721040	US$ 30,000,000	US$ 30,000,000	US$ 30,000,000	〃
〃	1997/09/18-(86)-86736526	US$ 5,400,000	US$ 5,400,000	US$ 5,400,000	Indirectly investment PEWC (Guangzhou) Co., Ltd. and achieved 45% stake.
〃	2001/07/27-(90)-90022765	US$ 5,400,000	US$ 3,390,000	US$ 1,890,000	〃
〃	2004/02/13-093003687	US$ (1,920,000)	US$ —	US$ (1,296,000)	Reduce investment PEWC (Guangzhou) Co., Ltd. and achieved 8% stake.
〃	2004/04/23-093010705	US$ 2,900,000	US$ 2,900,000	US$ 2,900,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2004/06/23-093015571	US$ 9,500,000	US$ 9,500,000	US$ 9,500,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2005/02/23-094001762	US$ 4,100,000	US$ 4,100,000	US$ 4,100,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2006/03/31-09500069340	US$ 8,500,000	US$ 8,500,000	US$ 8,500,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2006/03/31-09500069390	US$ 7,000,000	US$ 4,000,000	US$ 4,000,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2011/03/25-10000119020	US$ (3,000,000)	US$ —	US$ —	Reduce investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2006/07/20-09500220150	US$ 290,000	US$ 290,000	US$ —	Directly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2006/12/27-09500445960	US$ 1,000,000	US$ 210,000	US$ 210,000	Indirectly investment Veceration Co., Ltd.
〃	2009/07/24-09800263470	US$ (790,000)	US$ —	US$ —	Reduce investment Veceration Co., Ltd.
〃	2007/01/22-09600008530	US$ 2,886,000	US$ 2,886,000	US$ 2,886,000	Indirectly investment PEWC (Guangzhou) Co., Ltd.
〃	2011/03/28-10000119030	US$ 7,000,000	US$ 7,000,000	US$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.

The Company invested resolution	Investment Amounts		Investment Amounts	Indirectly Investment in Mainland China	
	Approved Number	Authorized Amounts		Investment outflow	Purpose
〃	2012/03/30-10100019840	US$ 45,000,000	US$ 45,000,000	US$ —	Directly investment Compeq Manufacturing (Chongqing) Co., Ltd.
〃	2012/05/25-10199165700	US$ 15,000,000	US$ 15,000,000	US$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2014/02/27-10200494220	US$ 50,000,000	US$ 40,000,000	US$ —	Directly investment Compeq Manufacturing (Chongqing) Co., Ltd.
〃	2015/03/31-10300357540	US$ 30,000,000	US$ 30,000,000	US$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2017/07/06-10600111220	US$ 15,000,000	US$ 15,000,000	US$ —	Directly investment Compeq Manufacturing (Huizhou) Co., Ltd.
〃	2018/01/31-10600349330	US$ 33,710,000	US$ —	US$ —	Directly investment Compeq Manufacturing (Suzhou) Co., Ltd.
〃	2018/04/02-10600349320	US$ 60,000,000	US$ 30,000,000	US$ 30,000,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2020/04/27-10900057020	US$ (33,710,000)	US$ —	US$ —	Reduce investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2020/04/27-10900057020	US$ 39,974,508	US$ 11,290,000	US$ 11,000,000	Transferred the 100% equity of Compeq Manufacturing (Suzhou) to increase investment Compeq Technology (Huizhou) Co., Ltd. (Note 2)
LITON HOLDINGS LIMITED	2007/04/24-09600111850	US$ 5,000,000	US$ 5,000,000	US$ 5,000,000	Indirectly investment Victor (Chang shu) Co., Ltd.

Note 1: In April 2020, the shares of Compeq Manufacturing (Suzhou) Co., Ltd. has been transferred 100% to Compeq Technology (Huizhou) Co., Ltd. The Originally investment amount authorized by Investment Commission, MOEA, will not included in the calculation of the company’s total investment in mainland China.

Note 2: The investment amount authorized by Investment Commission, MOEA, includes US$28,654,508 of the capital increase by retained earnings from Compeq Manufacturing (Suzhou) Co., Ltd.

14. SEGMENT INFORMATION

(1) Operating segments

The Company uses the income from operations as the measurement for segment profit and the basis of performance assessment. There was no material differences between the accounting policies of the operating segment and the accounting policies described in Note 4.

(2) Segment revenue and operating results

The Company's segment revenue and operating results as follows:

Items	For the Year Ended December 31, 2023				
	Taiwan	China	Other	Adjustment and Elimination	Total
Net revenue from external customers	$33,510,797	$33,517,877	$ 50,099	$ —	$67,078,773
Net revenue from sales among intersegments	338,048	26,066,454	—	(21,559,620)	4,844,882
Income (loss) from operations	4,053,486	944,454	46,906	173,933	5,218,779
Income tax expense	$ 1,091,715	$ 9,508	$ 2,802	—	$ 1,104,025

Items	For the Year Ended December 31, 2022				
	Taiwan	China	Other	Adjustment and Elimination	Total
Net revenue from external customers	$40,261,785	$36,160,286	$ (2,663)	$ —	$76,419,408
Net revenue from sales among intersegments	834,893	39,517,274	—	(40,352,167)	—
Income (loss) from operations	5,260,252	4,429,384	(3,146)	435,549	10,122,039
Income tax expense	$ 1,632,649	$ 502,555	$ 43	—	$ 2,135,247

(3) Information on major revenue

Major revenue of the Company as follows:

	For the Year Ended December 31	
	2023	2022
PCB & SMT	$ 66,304,287	$ 75,601,461
Goods	629	2,283
Other	773,857	815,664
Total	$ 67,078,773	$ 76,419,408

(4) Geographical information

The Company's revenue from operations from external customers by location of operations and information on its non-current assets by location of assets are shown below. The Company categorized the net revenue based on the country in which the customer is headquartered. Non-current assets include investments accounted for using equity method, property, plant and equipment, intangible assets and other noncurrent assets. Excluded financial instruments and deferred tax assets.

	Net Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31, 2023	December 31, 2022
	2023	2022		
Taiwan	$ 2,530,295	$ 1,907,754	$ 8,280,530	$ 8,975,470
United States	3,022,396	3,698,128	—	—
Asia	61,320,726	70,672,385	27,943,475	27,729,931
Europe	70,150	86,511	—	—
Others	135,206	54,630	—	—
Total	$ 67,078,773	$ 76,419,408	$ 36,224,005	$ 36,705,401

(5) Major Customers information

Major customers representing at least 10% of net revenue:

	For the Year Ended December 31			
	2023		2022	
Customer	Amount	%	Amount	%
Customer A	$ 21,336,588	32	$ 29,171,011	38

(English Translation of parent Company Only Financial Statements and Report Originally Issued in Chinese)

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Address: No. 91, Ln. 814, Daxin Rd., Shin-juang Vil. Luzhu Dist.,
Taoyuan City, Taiwan, R.O.C.

Phone : (886-3) 323-1111

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

INDEPENDENT AUDITORS' REPORT

NO.00151120EA

To the Board of Directors of Compeq Manufacturing Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Compeq Manufacturing Co., Ltd. (collectively referred to as "the Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31,2023 are explained as follows:

Revenue recognition from shipping warehouses

<u>Description of the key audit matter</u>

Refer to note 4(14) and 6(16) of the parent company only financial statements for the information relating to revenue recognition.

The Company's sales come in two types of direct shipping from factories and shipping from warehouses, revenue is recognized on the transfer of control of the products on an individual sales contract basis. In which the revenue from shipping warehouses is recognized when the customer picks up the products. The Company mainly recognizes its revenue in accordance with the statements or other information provided by the custodians of shipping warehouses and reconciliation with any change in recorded inventory. Given that the shipping warehouses spread many regions and the sales terms for each major customer also vary, such revenue recognition process often involves a lot of labor in operation, which is likely to result in inappropriate timing to recognize the revenue or inconsistence between physical quantity and recorded quantity of the inventory in custody. On the other hand, it requires both parties' labor judgment to determine if a shipment meets the terms for customer's acquisition of products control right and such risk is the major measurement index adopted by the report users. As such, the deadline of the recognition of the revenue of the products sold from shipping warehouses is listed as one of the key audit matters.

<u>How the matter was addressed in our audit</u>

We performed the following audit procedures in respect of the above key audit matter:

1. Understand and assess the propriety of the accounting policy for revenue recognition, and evaluate and test the internal control in relation to the timing of revenue recognition.

2. Implement the deadline test for the revenue from shipping warehouses in the periods before or after the balance sheet date, and check if customer account statement data, change in recorded inventory, revenue and cost carry-over were recorded at appropriate times.

3. Execute document enquiry or field stock-taking observation for the quantity of inventory in shipping warehouses, and check as well as reconcile the warehouse inventory quantity with the recorded inventory quantity. In case of any inconsistence with the recorded inventory quantity found from the enquiry response or stock-taking observation, the reasons for the inconsistence will be investigated and the test for the reconciliation items shall be executed, so as to confirm if material differences are properly adjusted and recorded.

Evaluation of allowance for loss on reduction of inventory to market

<u>Description of the key audit matter</u>

Refer to note 4(7), 5(2) and 6(3) of the parent company only financial statements for the information relating to inventory valuation.

The Company mainly engages in manufacture and sales of PCB(Printed Circuit Boards). Due to their short life circle and severe competition in the industry, electronic products are susceptible to the volatility of market prices, so they have higher risk in losses on reduction of inventory to market and inventory obsolescence. The net realizable value adopted by The Company for invalid and obsolescent inventory often involves subjective judgment. Given that The Company's inventory and its allowance for loss on reduction of inventory to market have a vital impact on its financial statements, the valuation of the allowance for loss on reduction of inventory to market is listed as one of the key audit matters.

How the matter was addressed in our audit

We performed the following audit procedures in respect of the above key audit matter:

1. Evaluate if the policy and procedure for setting aside the allowance for loss on reduction of inventory to market are appropriately and consistently adopted.

2. Understand the inventory warehouse management process, inspect the annual stock-taking plan and participate in the annual observation of stock-taking, so as to confirm the inventory management and status.

3. Acquire the statement to identify inventory obsolescence and invalidation and verify inventory aging propriety and rationality, so as to confirm the possibility for the loss of the inventory exceeding a certain inventory age and coverage of the invalid and obsolescent inventory items in the statement, and ensure the consistence of the statement information with the policy.

4. Inspect a variety of data adopted by the management for calculation of the inventory net realizable value, and give random check and calculation to evaluate the rationality of the inventory net realizable value and judge if relevant disclosures are adequate.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our 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.

Baker Tilly Clock & Co
Hsin-Liang Wu, CPA
Kuo-Fu Tseng, CPA
March 7, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit (or review) such parent company only financial statements are those generally accepted and applied in the Republic of China.
The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 5,020,001	8.48	$ 5,568,004	9.37
Accounts receivable	6(2)	7,212,219	12.18	8,383,031	14.11
Receivables from related parties	6(2)	22,471	0.04	446,942	0.75
Other receivables		2,558,945	4.32	1,791,229	3.02
Current tax assets		59,481	0.10	20,248	0.03
Inventories	6(3)	2,490,792	4.21	3,075,588	5.18
Prepayments		84,822	0.14	82,150	0.14
Other current financial assets	6(4),8	2,260,174	3.82	1,804,175	3.04
Other current assets		28,649	0.05	24,363	0.04
Total current assets		19,737,554	33.34	21,195,730	35.68
NONCURRENT ASSETS					
Investments accounted for using equity method	6(5)	30,752,649	51.94	28,811,020	48.50
Property, plant and equipment	6(6),8	8,105,097	13.69	8,828,335	14.86
Right-of-use assets	6(7)	136,619	0.23	149,161	0.25
Intangible assets	6(8)	37,435	0.06	23,369	0.04
Deferred tax assets	6(21)	418,136	0.71	386,269	0.65
Refundable deposits		16,948	0.03	11,141	0.02
Other non-current assets		1,379	—	2,619	—
Total noncurrent assets		39,468,263	66.66	38,211,914	64.32
TOTAL		$ 59,205,817	100.00	$ 59,407,644	100.00

The accompanying notes are an integral part of the parent company only financial statements.

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Notes payable	6(9)	$ 962	—	$ 1,850	—
Accounts payable	6(9)	3,128,837	5.28	2,561,467	4.31
Payable to related parties	6(9)	3,484,874	5.89	4,038,521	6.80
Other payables	6(10)	2,281,116	3.85	3,242,657	5.46
Current tax liabilities	6(21)	859,285	1.45	1,010,496	1.70
Provisions-current	6(11)	137,573	0.23	144,794	0.25
Receipts in advance		1,848	—	19	—
Current portion of long-term borrowings	6(12),8	903,251	1.53	391,084	0.66
Other current liabilities		524,849	0.89	541,732	0.91
Total current liabilities		11,322,595	19.12	11,932,620	20.09
NONCURRENT LIABILITIES					
Long-term borrowings	6(12),8	4,505,665	7.61	4,608,916	7.76
Deferred tax liabilities	6(21)	3,903,255	6.59	3,815,111	6.42
Lease liabilities-noncurrent	6(7)	100,178	0.17	113,667	0.19
Net defined pension liabilities	6(13)	121,555	0.21	220,442	0.37
Total noncurrent liabilities		8,630,653	14.58	8,758,136	14.74
Total liabilities		19,953,248	33.70	20,690,756	34.83
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	6(14)	11,918,206	20.13	11,918,206	20.06
Capital surplus	6(14)	1,060,226	1.79	1,060,226	1.78
Retained earnings	6(14)	26,614,354	44.95	25,693,999	43.25
Legal reserve		4,061,551	6.86	3,251,562	5.47
Special reserve		12,459	0.02	351,396	0.59
Unappropriated earnings		22,540,344	38.07	22,091,041	37.19
Other equity	6(14)	(340,217)	(0.57)	44,457	0.08
Exchange differences on translation of foreign operations		(326,068)	(0.55)	56,916	0.10
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(14,149)	(0.02)	(12,459)	(0.02)
Total equity		39,252,569	66.30	38,716,888	65.17
TOTAL		$ 59,205,817	100.00	$ 59,407,644	100.00

The accompanying notes are an integral part of the parent company only financial statements.

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2023		2022	
		Amount	%	Amount	%
OPERATING REVENUES	6(16)	$ 33,848,845	100.00	$ 41,005,039	100.00
OPERATING COSTS	6(3)	(27,965,037)	(82.62)	(33,585,457)	(81.91)
GROSS PROFIT BEFORE UNREALIZED GROSS		5,883,808	17.38	7,419,582	18.09
UNREALIZED PROFIT FROM SALES		(836)	—	(13,188)	(0.03)
REALIZED PROFIT ON FROM SALES		13,188	0.04	72,733	0.18
GROSS PROFIT		5,896,160	17.42	7,479,127	18.24
OPERATING EXPENSES					
Selling and marketing expenses		(533,457)	(1.57)	(563,394)	(1.37)
General and administrative expenses		(298,632)	(0.88)	(503,297)	(1.23)
Research and development expenses		(1,018,373)	(3.01)	(1,142,649)	(2.79)
Expected credit impairment income	6(2)	7,788	0.02	(9,535)	(0.02)
Total operating expenses		(1,842,674)	(5.44)	(2,218,875)	(5.41)
INCOME FROM OPERATIONS		4,053,486	11.98	5,260,252	12.83
NON-OPERATING INCOME AND EXPENSES					
Interest income		261,292	0.77	108,011	0.26
Other income	6(17)	631,512	1.86	548,188	1.34
Other gains and losses	6(18)	(312,536)	(0.92)	198,934	0.48
Finance costs	6(19)	(84,288)	(0.25)	(89,223)	(0.22)
Share of profit of subsidiaries and associates	6(20)	710,624	2.10	3,607,464	8.80
Total non-operating income and expenses		1,206,604	3.56	4,373,374	10.66
INCOME BEFORE INCOME TAX		5,260,090	15.54	9,633,626	23.49
INCOME TAX EXPENSE	6(21)	(1,091,715)	(3.23)	(1,632,649)	(3.98)
NET INCOME		$ 4,168,375	12.31	$ 8,000,977	19.51
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	6(13)	(37,630)	(0.11)	123,634	0.30
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(1,690)	—	111	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(21)	7,526	0.02	(24,727)	(0.06)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(14)	(478,730)	(1.41)	494,678	1.21
Income tax relating to the components of other comprehensive income(loss)	6(21)	95,746	0.28	(98,936)	(0.24)
Other comprehensive (loss) income, net of income tax		(414,778)	(1.22)	494,760	1.21
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 3,753,597	11.09	$ 8,495,737	20.72
EARNING PER SHARE					
Basic	6(15)	$ 3.50		$ 6.71	
Diluted	6(15)	$ 3.48		$ 6.67	

The accompanying notes are an integral part of the parent company only financial statements.

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to the owners of the Company							Total equity
			Retained earnings			Other equity		
	Capital Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
BALANCE, JANUARY 1, 2022	$ 11,918,206	$ 1,060,226	$ 2,736,311	$ 226,467	$ 16,776,614	$ (338,826)	$ (12,570)	$ 32,366,428
Appropriations of prior year's earnings								
Legal reserve	–	–	515,251	–	(515,251)	–	–	–
Special reserve	–	–	–	124,929	(124,929)	–	–	–
Cash dividends	–	–	–	–	(2,145,277)	–	–	(2,145,277)
Net income in 2022	–	–	–	–	8,000,977	–	–	8,000,977
Other comprehensive income in 2022, net of income tax	–	–	–	–	98,907	395,742	111	494,760
Total comprehensive income in 2022	–	–	–	–	8,099,884	395,742	111	8,495,737
BALANCE, DECEMBER 31, 2022	11,918,206	1,060,226	3,251,562	351,396	22,091,041	56,916	(12,459)	38,716,888
Appropriations of prior year's earnings								
Legal reserve	–	–	809,989	–	(809,989)	–	–	–
Special reserve reversed	–	–	–	(338,937)	338,937	–	–	–
Cash dividends	–	–	–	–	(3,217,916)	–	–	(3,217,916)
Net income in 2023	–	–	–	–	4,168,375	–	–	4,168,375
Other comprehensive income in 2023, net of income tax	–	–	–	–	(30,104)	(382,984)	(1,690)	(414,778)
Total comprehensive income in 2023	–	–	–	–	4,138,271	(382,984)	(1,690)	3,753,597
BALANCE, DECEMBER 31, 2023	$ 11,918,206	$ 1,060,226	$ 4,061,551	$ 12,459	$ 22,540,344	$ (326,068)	$ (14,149)	$ 39,252,569

The accompanying notes are an integral part of the parent company only financial statements.

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 5,260,090	$ 9,633,626
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	1,443,568	1,401,287
Amortization expense	9,006	12,657
Expected credit impairment loss (income)	(7,788)	9,535
Interest expense	84,288	89,223
Interest income	(261,292)	(108,011)
Share of profit of subsidiaries and associates	(710,624)	(3,607,464)
Loss on disposal of property, plant and equipment	497	33,277
Unrealized profit from sales	707	4,614
Realized profit on from sales	(14,723)	(25,281)
Other Item	—	(162)
Changes in operating assets and liabilities		
Accounts receivable	1,178,600	(665,040)
Receivables from related parties	424,471	(108,758)
Other receivables	142,987	(20,701)
Inventories	584,796	72,049
Prepayments	(2,672)	(19,652)
Other current assets	(2,625)	857
Other current financial assets	(455,999)	(276,847)
Notes payable	(888)	1,850
Accounts payable	567,370	326,219
Payables to related parties	(553,647)	281,504
Other payables	(626,274)	612,403
Provisions	(7,221)	(13,598)
Other current liabilities	(21,742)	208,508
Accrued pension liabilities	(136,517)	(136,444)
Cash generated from operations	6,894,368	7,705,651
Interest received	179,384	84,013
Interest paid	(81,704)	(83,895)
Income taxes paid	(1,122,610)	(841,592)
Net cash generated by operating activities	$ 5,869,438	$ 6,864,177

(Continued)

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	$ (1,694,112)	$ (100,000)
Payments for property, plant and equipment	(1,035,651)	(1,383,921)
Proceeds from disposal of property, plant and equipment	9,150	7,036
Increase in Refundable Deposits	(54,025)	(53,108)
Decrease in Refundable Deposits	46,559	45,649
Increase in other Receivables from related parties	(828,795)	(1,474,080)
Purchase of Intangible Assets	(21,832)	(11,672)
Net cash generated by (used in) investing activities	(3,578,706)	(2,970,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term borrowings	3,600,000	5,350,000
Decrease in long-term borrowings	(3,191,084)	(6,550,000)
Increase in guarantee deposits received	9,063	10,245
Decrease in guarantee deposits received	(4,005)	(3,075)
Repayment of the principal portion of lease liabilities	(34,793)	(33,517)
Cash dividends	(3,217,916)	(2,145,277)
Net cash generated by (used in) financing activities	(2,838,735)	(3,371,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(548,003)	522,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,568,004	5,045,547
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 5,020,001	$ 5,568,004

The accompanying notes are an integral part of the parent company only financial statements.

COMPEQ MANUFACTURING CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. ORGANIZATION AND OPERATIONS

Compeq Manufacturing Co., Ltd. (the Compeq Company) was established in August 1973. It is engaged in the manufacture and sale of PCB (Printed Circuit Boards) for computer use. In January 1990, the Compeq Company's stocks were approved by the Financial Supervisory Commission (FSC) for listing on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 7, 2024.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Disclosure of accounting policies (amendments to IAS 1)	January 1, 2023
Definition of accounting estimates (amendments to IAS 8)	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023
International tax reform - pillar two model rules (amendments to IAS 12)	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

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

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Leases liability in a sale and leaseback (amendments to IFRS 16)	January 1, 2024
Classification of liabilities as current of non-current (amendments to IAS 1)	January 1, 2024
Non-current liabilities with covenants (amendments to IAS 1)	January 1, 2024
Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) The IFRSs issued by IASB but not yet endorsed by FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Sale or contribution of assets between an investor and its associate of joint venture (amendments to IFRS 10 and IAS 28)	To be determined by IASB
Insurance contracts (IFRS 17)	January 1, 2023
Insurance contracts (amendments to IFRS 17)	January 1, 2023
Initial application of IFRS 17 and IFRS 9-comparative information (amendments to IFRS 17)	January 1, 2023
Lack of exchangeability (amendments to IAS 21)	January 1, 2025

As of the date the accompanying financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issues (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The subsidiaries, associates and jointly controlled entities are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

(3) Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligation expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(4) Foreign Currencies

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

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign-currency risks.

C. For the items of currency receivable from or payable to foreign business operating institute, if there is no plan for liquidation or the liquidation is impossible to occur in the foreseeable future. Exchange differences arising on a monetary item that is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

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

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

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company' foreign operations (including of the subsidiaries, associates and joint ventures operating in other countries or using currencies different from the Company's) are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Including time deposits and repurchase agreements collateralized by corporate bonds.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operation are classified as cash equivalents.

(6) Financial Instruments

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

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. For the determination of fair value, please refer to Note 12.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or Convention in the marketplace.

a. Measurement category

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

A) Financial asset at FVTPL

For certain financial assets which include debt instruments that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Any gain or loss arising from remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

B) Measured at amortized cost

When the company invest in financial assets simultaneously meets the following two conditions, the financial assets are classified as the ones carried at cost after amortization:

a) The financial assets are held under a specific operation mode, in which the purpose of the mode is to hold the financial assets in order to collect contract cash flows.

b) The cash flow generated on a specific date due to contract clauses is completely for the payment of the principal and the interest accrued from the outstanding principal amount.

Cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits are measured at amortized cost. Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Foreign exchange gains and losses are recognized in profit or loss.

b. Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The expected credit loss is calculated according to the average weighted credit loss in which the risk rated ratio of default occurrence is used in calculation. The 12-month expected credit loss represents the credit loss expected to occur to the financial instruments within 12 months after their reporting day due to possible default. The expected credit loss in the duration period refers to the credit loss expected to occur to the financial instruments in the expected duration period due to possible default.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

The Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

B. Equity instruments

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

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

C. Financial liabilities

a. Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

Financial liabilities measured at FVTPL are derivative financial instruments that do not meet the criteria for hedge accounting, and they are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Related net profits or net losses are listed in "other profits and losses" of the statement of comprehensive income.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the obligations are discharged cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

c. Offsetting financial instruments

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

D. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(7) Inventories

Inventories are included supplies, raw materials, work in process and Finished goods. Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at weighted-average cost. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(8) Investments Accounted for Using Equity Method

Investments accounted for using the equity method is investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost exceeding the amount of the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as goodwill. Such goodwill includes the investment's book value which cannot be amortized. The amount exceeding the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as the current income.

When losing the control of its subsidiary, the Company measures its residual investment in the aforesaid subsidiary according to the fair value at the day that the Company loses its control of the subsidiary. The difference between the residual investment's fair value as well as any disposal amount and the investment book value at the day that the Company loses its control is listed as the current profit or loss. In addition, the accounting treatment of all the amounts related to the subsidiary in question and recognized in the comprehensive income is same as the basis required to be complied with in the Company's direct handling of related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(9) Property, Plant, and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties under construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization.

These properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is computed by the straight-line method over the estimated useful lives. The estimated useful lives are as follows:

Buildings: 5-35 years; machinery and equipment: 6-10 years; computer equipment: 3-8 years; testing equipment: 5-8 years; pollution-prevention equipment: 3-10 years; transportation equipment: 5 years; furniture and fixtures: 5-8 years; other equipment: 5-15 years.

(10) Leases

The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in expected paid amount under the residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in an index or a rate used determine to those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. If the carrying amount of the right-of-use assets has been reduced to zero, the remaining amount will be recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

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

(11) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(12) Impairment of Non-financial Assets

At each balance sheet date, the Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When amortization can be reasonably and consistently made, common assets can also be amortized to individual cash production units. Otherwise, the amortization shall be made to the minimum cash production unit group in a reasonable and consistent way.

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

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

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

(13) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The present obligation arising from any onerous contracts shall be listed and measured as a liability reserve. When the unavoidable cost required for obligation fulfillment of a signed contract exceeds the economic effect expected to gain from the contract, the contract shall be referred to as an onerous contract.

(14) Revenue recognition

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

(a) Identify the contract with the customer;

(b) Identify the performance obligations in the contract;

(c) Determine the transaction price;

(d) Allocate the transaction price to the performance obligations in the contract; and

(e) Recognize revenue when the entity satisfies a performance obligation.

Sales of goods

Revenue is recognized when the goods committed by the Company are transferred to the customer to fulfill the contract performance obligation, i.e. the revenue is recognized when the customer acquires the control right of the goods, in which the net amount of the contract price deducting estimated sales allowance is set aside and recognized. The revenue recognition amount is limited to the part where material reversal is very unlikely to occur, and the estimation is renewed at each balance sheet day. The allowance for sales discounts of the sales related estimates as of the balance sheet date is listed as the refund liabilities.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of these assets, until the assets are substantially ready for their intended use or sale.

If a specific loan is used for temporary investment before being applied to the capital expenditure meeting required elements and therefore earns the investment income, it shall be deducted from the loan cost meeting the terms of capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

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

A. Current tax

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

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

B. Deferred tax

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

Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

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

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

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

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the parent company only financial statements.

(1) Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Company take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Valuation of Inventory

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

Due to the rapid industrial changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	$ 4,250	$ 6,799
Demand deposits and checking accounts	2,468,794	2,708,564
Cash equivalent		
Time deposits	2,224,675	2,247,513
Repurchase agreements of bonds	322,282	605,128
Total	$ 5,020,001	$ 5,568,004

(A) The bank deposits and bonds interest rate as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Demand deposits	0.001%～1.450%	0.001%～1.050%
Time deposits	1.100%～5.780%	0.850%～4.520%
Repurchase agreements of bonds	1.000%～1.050%	0.600%～4.200%

(B) The Company's bank time deposit certificates which are three months past the initial due dates are listed under the item of other financial assets-current. Please refer to note 6(4).

(2) NOTES AND ACCOUNTS RECEIVABLE- NET

	December 31, 2023	December 31, 2022
Notes receivable	$ –	$ –
Accounts receivable	7,306,232	8,484,832
Less: Loss allowance	(94,013)	(101,801)
Net	7,212,219	8,383,031
Receivables from related parties	22,471	446,942
Total	$ 7,234,690	$ 8,829,973

(A) The Company's notes receivable is all undue.

(B) The Company does not hold any collateral for its notes receivable and accounts receivable.

(C) The Company with which the estimated allowance for sales discounts is listed as the refund liabilities. As of December 31, 2023 and 2022, the balance of the refund liabilities were $396,188 thousand and $421,205 thousand (listed as other current liabilities), respectively.

(D) The aging analysis of accounts receivable with expected credit losses were determined as follows:

(a) December 31, 2023

	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	$ 7,246,759	0%～10%	$ 63,996
Past due less than 30 days	75,813	0%～10%	28,289
Past due 31-100 days	4,401	0%～10%	2
Past due less than 101-180 days	8	50%～60%	4
Past due 181-365 days	1,722	100%	1,722
Total	$ 7,328,703		$ 94,013

(b) December 31, 2022

	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	$ 8,749,551	0%～10%	$ 97,485
Past due less than 30 days	171,399	0%～10%	1,523
Past due 31-100 days	6,071	0%～10%	12
Past due less than 101-180 days	3,945	50%～60%	1,973
Past due 181-365 days	808	100%	808
Total	$ 8,931,774		$ 101,801

The above aging schedule was based on the past due date.

(E) Movements of the allowance for doubtful accounts were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 101,801	$ 92,266
Provision (Reversal)	(7,788)	9,535
Balance, end of year	$ 94,013	$ 101,801

(3) INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials	$ 457,824	$ 560,834
Supplies	86,153	100,369
Work in process	1,070,674	1,083,451
Finished goods	867,039	1,326,917
Goods	9,102	4,017
Total	$ 2,490,792	$ 3,075,588

(A) As of December 31, 2023 and 2022, the allowance for inventory devaluation (including normal and idle products) were $621,552 thousand and $675,847 thousand, respectively.

(B) The cost of inventories recognized as cost of sales for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
The cost of goods sold	$ 27,549,052	$ 33,629,204
Provision for (Reversal of) loss on inventories	5,544	(52,335)
Loss on scrapped inventories	111,548	262,513
Income from scrap sales	(284,719)	(341,899)
Unamortized fixed manufacturing costs	583,612	87,974
Total	$ 27,965,037	$ 33,585,457

The reversal of loss on inventories in 2022 was due to a better product structure.

(4) OTHER CURRENT FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
Non-cash equivalent of time deposits	$ 2,250,000	$ 1,794,120
Restricted time deposits	10,174	10,055
Total	$ 2,260,174	$ 1,804,175

The interest rate interval of the balance sheet date of the financial were as follows:

	December 31, 2023	December 31, 2022
Interest rate interval	1.150%～1.575%	1.085%～5.400%

Detail of the other current-financial assets to others as collateral are provided in Note 8.

(5) INVESTMENT ACCOUNTED FOR EQUITY METHOD

Subsidiaries	Carrying Amount		% of Ownership and Voting Right Held by the Company	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Subsidiaries:				
HUATON HOLDINGS LIMITED	$ 27,975,453	$ 27,785,193	100.00%	100.00%
PELICAN COVE INVESTMENT LTD.	752,889	736,734	100.00%	100.00%
Hua Nian Investment Ltd.	333,630	287,734	100.00%	100.00%
LITON HOLDINGS LIMITED	1,268	1,359	100.00%	100.00%
COMPEQ(Thailand) Co., Ltd.	1,689,409	—	100.00%	—
Total	$ 30,752,649	$ 28,811,020		

The equity method was adopted for recognizing subsidiary's profit or loss and the share of other comprehensive profit or loss of 2023 and 2022, in which the recognition was calculated according to the subsidiary's financial statements audited by the CPA in the same period.

(6) PROPERTY, PLANT AND EQUIPMENT

Item	For the Year Ended December 31, 2023				
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
Cost					
Land	$ 679,148	$ —	$ —	$ —	$ 679,148
Buildings and structures	3,570,573	21,268	(3,257)	—	3,588,584
Machinery and equipment	13,780,847	542,211	(53,974)	—	14,269,084
Computer equipment	107,003	6,332	(1,856)	—	111,479
Testing equipment	1,909,526	60,002	(39,845)	—	1,929,683
Pollution Prevention equipment	642,989	7,158	—	—	650,147
Transportation equipment	50,931	—	(3,104)	—	47,827
Office equipment	49,359	—	(67)	—	49,292
Other facilities	4,953,162	197,899	(14,742)	—	5,136,319
Construction in progress	280,057	(134,814)	—	—	145,243
Total	$ 26,023,595	$ 700,056	$ (116,845)	$	$ 26,606,806
Accumulated depreciation and impairment					
Buildings and structures	$ 3,155,539	$ 95,438	$ (2,965)	$ —	$ 3,248,012
Machinery and equipment	8,529,887	872,391	(47,872)	—	9,354,406
Computer equipment	93,951	5,078	(1,785)	—	97,244
Testing equipment	982,751	146,541	(36,321)	—	1,092,971
Pollution Prevention equipment	485,601	27,820	—	—	513,421
Transportation equipment	36,831	3,842	(491)	—	40,182
Office equipment	47,699	15	(64)	—	47,650
Other facilities	3,863,001	259,225	(14,403)	—	4,107,823
Total	17,195,260	$ 1,410,350	$ (103,901)	$ —	18,501,709
Net	$ 8,828,335				$ 8,105,097

Item	For the Year Ended December 31, 2022				
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
Cost					
Land	$ 679,148	$ —	$ —	$ —	$ 679,148
Buildings and structures	3,550,122	20,767	(316)	—	3,570,573
Machinery and equipment	13,262,230	866,851	(348,370)	136	13,780,847
Computer equipment	105,143	4,091	(2,231)	—	107,003
Testing equipment	1,810,722	123,850	(25,046)		1,909,526
Pollution Prevention equipment	638,235	11,107	(6,353)	—	642,989
Transportation equipment	48,755	5,485	(3,309)	—	50,931
Office equipment	49,399	—	(40)	—	49,359
Other facilities	4,766,359	238,625	(51,822)	—	4,953,162
Construction in progress	331,436	(51,379)	—	—	280,057
Total	$ 25,241,549	$ 1,219,397	$ (437,487)	$ 136	$ 26,023,595
Accumulated depreciation and impairment					
Buildings and structures	$ 3,058,365	$ 97,420	$ (246)	$ —	$ 3,155,539
Machinery and equipment	8,001,288	843,282	(314,683)	—	8,529,887
Computer equipment	90,670	5,461	(2,180)	—	93,951
Testing equipment	865,731	139,018	(21,998)	—	982,751
Pollution Prevention equipment	461,715	29,120	(5,234)	—	485,601
Transportation equipment	35,937	4,152	(3,258)	—	36,831
Office equipment	47,710	28	(39)	—	47,699
Other facilities	3,658,417	251,058	(46,474)	—	3,863,001
Total	16,219,833	$ 1,369,539	$ (394,112)	$ —	17,195,260
Net	$ 9,021,716				$ 8,828,335

(A) The significant part of the Company's buildings includes main plants and affiliated equipment and the related depreciation is calculated using the estimated useful lives of 20 to 35 years, and 5 to 30 years, respectively.

(B) As of December 31, 2023 and 2022, the Company mortgaged or pledged property, plant and equipment, see Note 8.

(7) LEASE

(A) Right-of-use assets

Carrying amounts	December 31, 2023	December 31, 2022
Land	$ 6,798	$ 11,413
Buildings	111,417	127,472
Transportation equipment	18,404	10,276
Total	$ 136,619	$ 149,161

Depreciation of right-of-use assets	For the Year Ended December 31	
	2023	2022
Land	$ 4,615	$ 4,497
Buildings	21,497	18,718
Machinery and equipment	—	5,379
Transportation equipment	7,106	3,154
Total	$ 33,218	$ 31,748

For the year ended December 31, 2023 and 2022, the addition to right-of-use assets were $20,676 thousand and $40,703 thousand, respectively.

(B) Lease liabilities

Carrying amounts	December 31, 2023	December 31, 2022
Lease liabilities-current	$ 30,961	$ 29,333
Lease liabilities-noncurrent	100,178	113,667
Total	$ 131,139	$ 143,000
Ranges of discount rates for lease liabilities	1.420%～1.700%	1.420%～1.700%

(C) Other lease information

Items affecting profit or loss	For the Year Ended December 31	
	2023	2022
Interest expense on lease liabilities	$ 2,256	$ 2,499
Expenses relating to short-term and low-value assets leases	$ 7,980	$ 9,176

For the year ended December 31, 2023 and 2022, the Company's cash outflow for leases were $42,773 thousand and $42,693 thousand, respectively.

(8) INTANGIBLE ASSETS

Item	For the Year Ended December 31, 2023			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Software and system cost	$ 48,036	$ 21,832	$ (8,508)	$ 61,360
Accumulated amortization				
Software and system cost	24,667	7,766	(8,508)	23,925
Net	$ 23,369	$ 14,066	$ —	$ 37,435

Item	For the Year Ended December 31, 2022			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Software and system cost	$ 68,842	$ 11,672	$ (32,478)	$ 48,036
Accumulated amortization				
Software and system cost	46,193	10,952	(32,478)	24,667
Net	$ 22,649	$ 720	$ —	$ 23,369

Amortization for 2023 and 2022 were recognized in operating cost and operating expenses $848 thousand, $6,918 thousand, $718 thousand, $10,234 thousand, respectively.

(9) NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2023	December 31, 2022
Notes payable	$ 962	$ 1,850
Account payable	3,128,837	2,561,467
Payable to related parties	3,484,874	4,038,521
Total	$ 6,613,711	$ 6,601,838

(A) The average credit purchase period of payables is 60 to 120 days. The Company has set up its financial risk management policy, so as to ensure that all the payables could be liquidated within the agreed credit period.

(B) For the disclosure of the Company's payables exposing currency and liquidity risks and other payables, please refer to Note 12.

(10) OTHER PAYABLES

	December 31, 2023	December 31, 2022
Machinery and Equipment payable	$ 167,117	$ 502,712
Employee Bonus payable	108,062	197,097
Salary and wages payable	129,973	142,366
Annual bonuses payable	1,166,060	1,539,138
Commissions payable	38,534	55,698
Processing payable	155,306	267,295
Maintenance payable	197,511	240,765
Interest payable	4,560	4,232
Employee vacation payable	78,610	79,783
Freight charge payable	54,253	43,714
Other payable	181,130	169,857
Total	$ 2,281,116	$ 3,242,657

(11) PROVISIONS- CURRENT

	For the Year Ended December 31, 2023		
	Other	Onerous contracts	Total
Balance, beginning of the year	$ 141,363	$ 3,431	$ 144,794
Recognized (Reversed)	(4,935)	(2,286)	(7,221)
Balance, end of the period	$ 136,428	$ 1,145	$ 137,573

	For the Year Ended December 31, 2022		
	Other	Onerous contracts	Total
Balance, beginning of the year	$ 139,566	$ 18,826	$ 158,392
Recognized (Reversed)	1,797	(15,395)	(13,598)
Balance, end of the period	$ 141,363	$ 3,431	$ 144,794

(A) Other liability reserves refer to the estimation of the accrued expenses with the liability reserve character, which is written off when the expense is incurred.

(B) The onerous contract loss reserve refers the loss on onerous contracts recognized due to the fulfillment cost of signed contracts exceeding expected economic effect. The estimation is written off when a contract is fulfilled.

(C) Given that the aforesaid reserve was prepared for the short run or for discount and the impact was not significant, they were not discounted.

(12) LONG-TERM BORROWINGS

Creditors	Description	No.	December31, 2023 Amount	December31, 2022 Amount	Expiry Date
Chang Hwa Bank	Unsecured borrowings	1	$ 106,250	$ 150,000	05/15/2025
Chang Hwa Bank	〃	1	150,000	200,000	06/15/2025
Mega International Commercial-Bank	〃	2	54,000	75,000	06/15/2025
E. Sun Bank	〃	1	75,000	100,000	06/15/2025
Bank of Taiwan	〃	1	187,500	250,000	06/15/2025
E. Sun Bank	〃	1	79,167	100,000	07/15/2025
Far Eastern International Bank	〃	1	197,917	250,000	07/15/2025
Mega International Commercial-Bank	〃	2	57,000	75,000	07/15/2025
Land Bank of Taiwan	〃	1	277,082	350,000	07/15/2025
Bank of Taiwan	〃	1	175,000	200,000	09/15/2025
Hwa Nan Bank	〃	1	250,000	250,000	09/15/2026
Taipei Fubon commercial Bank (Union loan)	〃	3	2,000,000	2,000,000	08/29/2027
Taipei Fubon commercial Bank (Union loan)	〃	4	—	1,000,000	08/29/2027
First Bank	〃	1	400,000	—	07/15/2028
Land Bank of Taiwan	〃	1	200,000	—	09/15/2028
Taipei Fubon commercial Bank	〃	5	300,000	—	09/15/2028
Bank of Taiwan	〃	1	200,000	—	10/15/2028
Mega International Commercial-Bank	〃	6	300,000	—	09/25/2030
KGI Bank	〃	7	200,000	—	09/25/2030
Bank of Taiwan	〃	7	200,000	—	12/01/2030
Total			$ 5,408,916	$ 5,000,000	
Current			$ 903,251	$ 391,084	
Noncurrent			$ 4,505,665	$ 4,608,916	
Rate			1.200%~2.139%	1.075%~1.861%	

(A) Please refer to Note 8. For property, plant and equipment pledged as collateral for long-term borrowing.

(B) Explanation:

No.1: Five-year term loan, repayable in 24 installments, interest to be paid monthly.

No.2: Five-year term loan, repayable in 25 installments, interest to be paid monthly.

No.3: Five-year term loan, repayable in 5 installments, interest to be paid monthly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.4: Five-year term loan, become due once repay, interest to be paid monthly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.5: Five-year term loan, repayable in 4 installments, interest to be paid monthly.

No.6: Seven-year term loan, repayable in 5 installments, interest to be paid monthly.

No.7: Seven-year term loan, repayable in 9 installments, interest to be paid monthly.

(13) RETIRED BENEFIT PLANS

(A) Defined contribution plans

The Compeq Company adopted a pension plan according to the Labor Pension Act (the “LPA”), which is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. Accordingly, the Company recognized expenses of \$120,056 thousand and \$122,179 thousand in the parent company only statements of comprehensive income ended December 31, 2023 and 2022, respectively.

(B) Defined benefit plans

(a) The Compeq Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contributed amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (”the Bureau”); the Company has no right to influence the investment policy and strategy.

(b) The pension costs of the defined benefit plans recognized in the parent company only statements of comprehensive income were as follows:

	For the Year Ended December 31	
	2023	2022
Current service cost	$ 8,571	$ 10,130
Net interest on the defined benefit liabilities	2,044	2,988
Recognized in profit or loss	10,615	13,118
Remeasurement:		
Expected return on plan assets	(11,205)	(86,456)
Actuarial loss (gain) arising from experience adjustments	(23,025)	43,835
Actuarial loss (gain) arising from changes in demographic assumptions	344	116
Actuarial loss (gain) arising from changes in financial assumptions	71,516	(81,129)
Components of defined benefit cost recognized in other comprehensive income	37,630	(123,634)
Total	$ 48,245	$ (110,516)

The pension costs of the defined benefit plans were recognized in profit or loss by the follows categories:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 8,092	$ 10,127
Selling and marketing expenses	250	196
General and administrative expenses	1,021	1,340
Research and development expenses	1,252	1,455
Total	$ 10,615	$ 13,118

(c) The amount arising from the defined benefit obligations of the Company in the parent company only balance sheets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 1,522,345	$ 1,598,019
Fair value of plan assets	(1,400,790)	(1,377,577)
Net defined benefit liabilities	$ 121,555	$ 220,442

(d) Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 1,598,019	$ 1,735,773
Current service cost	8,571	10,130
Interest cost	19,443	11,918
Benefits paid from plan assets	(152,523)	(122,624)
Defined benefit obligation pre-registration	1,473,510	1,635,197
Re-measurement:		
Actuarial loss (gain) arising from experience adjustment	(23,025)	43,835
Actuarial loss (gain) arising from changes in demographic assumptions	344	116
Actuarial loss (gain) arising from changes in financial assumptions	71,516	(81,129)
Ending of defined benefit obligation	$ 1,522,345	$ 1,598,019

(e) Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 1,377,577	$ 1,255,253
Expected return on plan assets	17,398	8,929
Re-measurement:		
Return on plan assets	11,205	86,456
Contributions from the employer	134,944	138,233
Benefits paid from plan assets	(140,334)	(111,294)
Balance, end of year	$ 1,400,790	$ 1,377,577
Actual return of plan assets	$ 28,603	$ 95,386

(f) The fair value of the plan assets by major categories at the end of reporting period were as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 1,400,790	$ 1,377,577

(g) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.25%
Future salary rate increase	1.50%	1.00%

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

a. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

   Assuming a hypothetical decrease in interest rate at the end of the reporting period contributed to a decrease of 0.25% in the discount rate and all other assumptions were held constant, the present value of the defined benefit obligation would increase by $34,209 thousand and $36,115 thousand as of December 31, 2023 and 2022, respectively.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

   Assuming the expected salary rate increases by 0.25% at the end of the reporting period and all other assumptions were held constant, the present value of the defined benefit obligation would increase by $34,021 thousand and $36,115 thousand as of December 31, 2023 and 2022, respectively.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the parent company only balance sheets.

(h) The Company expects to make contributions of $109,629 thousand to the defined benefit plans in the next year starting from December 31, 2023. The weighted average duration of the defined benefit obligation is 8 years.

(14) EQUITY

(A) Capital stock

	December 31, 2023	December 31, 2022
Numbers of shares authorized	$ 16,000,000	$ 16,000,000
Shares issued	$ 11,918,206	$ 11,918,206

(a) The capital stock represents common stock with 10 dollars par value, and carry one vote per share and the right to dividends.

(b) The Compeq Company's authorized capital was $16,000,000 thousand by Ministry of Economic Affairs, including 100,000 thousand shares reserved for the conversion of employee's stock warrants and 308,179 thousand shares of convertible bonds payable, which have not been issued.

(B) Capital surplus

	December 31, 2023	December 31, 2022
Convertible bonds	$ 935,127	$ 935,127
Accrued interest-premium of convertible bonds	30,609	30,609
Other	94,490	94,490
Total	$ 1,060,226	$ 1,060,226

Under the Securities and Exchange Act, capital surplus can only be used to offset a deficit when reserves are insufficient. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to 10% of the Company's paid-in capital and once a year. Under the Company Act newly revised on January 4, 2012, capital surplus shall be distributed by cash. Also, the capital surplus from long-term investments may not be used for any purpose.

(C) Retained earnings

(a) The Compeq Company's articles of incorporation are as follows:

After the annual accounting settlement, if The Compeq Company has any earnings left, it shall first use the earnings to cover losses by law, followed by setting aside 10% of the remaining earnings as the legal surplus reserve. However, it is not limited to the circumstance where the legal surplus reserve has already reached the paid-up capital. Then, after setting aside the legal surplus reserve as required by law or competent authorities or reversing the special surplus reserve, the balance becomes the distributable earnings of the prevailing year. The distributable earnings of the prevailing year along with the undistributed earnings accumulated in the beginning of the same period are the earnings available for distribution, which shall be distributed in accordance with the principle below:

a. Given that The Compeq Company is in the technology industry and by considering the needs for reinforcing its corporate financial structure, fostering its operating earnings and expanding its business scale, it plans to adopt the residual dividend policy to strength its growth and sustainable operation.

b. According to the factors in the current and future investment environment, capital requirements, profitability, local and foreign competition status and capital budgeting, the board of directors of The Compeq Company plans to draft an earnings distribution proposal, which will be resolved by the board of shareholders. When distributing earnings, the earnings to be distributed shall come from those that are available for distribution, and, in principle, the contribution amount shall be no lower than 10% of the distributable earnings of the prevailing year.

c. The Compeq Company may distribute its earnings by cash or stock, in which, in principle, the ratio of cash dividend shall not be lower than 50% of the total dividend amount.

(b) The Compeq Company has separately set up its employee remuneration distribution policy in its articles of incorporation. The information about the employee and director's compensation, please refer to Note 6(22).

(c) According to the revised Company Law, effective January 2012, the appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(d) Pursuant to existing regulations, The Compeq Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity items (including exchange differences on translating foreign operations, unrealized gain [loss] on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of a cash flow hedge). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(e) Under Rule No. 1010012865 issued by the FSC on April 6, 2012 on the first-time adoption of Taiwan-IFRSs, the Compeq Company should appropriate to a special reserve an amount that is the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Compeq Company's use of exemptions under IFRS 1. However, at the date of transition to Taiwan-IFRSs, if the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments will be appropriated to special reserve. This special reserve may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The Copmeq Company without appropriated the special reserve because the unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings were both recognize $0 thousand.

(f) The Compeq appropriations of earnings for 2023 had been proposed in the meeting of Board of Directors held on March 7, 2024. The appropriations and dividends per share were as follow:

	Appropriation of Earnings	Dividends per Share (NT$)
Legal reserve	$ 413,827	
Special reserve	327,758	
Cash dividends	1,787,731	$ 1.5
Total	$ 2,529,316	

The appropriations of earnings for 2023 is to be presented for approval in the Compeq's shareholders' meeting to be held on May 30, 2024 (expected).

(g) The Compeq appropriations of earnings for 2022 had been proposed in the meeting of Board of Directors held on March 9, 2023 and approved in the meeting of shareholders on June 15, 2023. The Compeq Company's earning allocation for the previous year of 2021 was approved in the regular meeting of shareholders on July 9, 2022. The actual allocation of employees' bonus and remuneration to director auditors is the same as the proposed allocation passed by the board of directors. The appropriations and dividends per share were as follows:

	For Fiscal Year 2022		For Fiscal Year 2021	
	Appropriation of Earnings	Dividends per Share (NT$)	Appropriation of Earnings	Dividends per Share (NT$)
Legal reserve	$ 809,989		$ 515,251	
Special reserve	(338,937)	$ 2.70	124,929	$ 1.80
Cash dividends	3,217,916		2,145,277	
Total	$ 3,688,968		$ 2,785,457	

(D) Other equity items

	For the Year Ended December 31, 2023		
	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total
Balance, beginning of year	$ 56,916	$ (12,459)	$ 44,457
Exchange differences on translation of foreign operations	(478,730)	—	(478,730)
Exchange differences on translation of foreign operations income tax	95,746	—	95,746
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	—	(1,690)	(1,690)
Balance, end of year	$ (326,068)	$ (14,149)	$ (340,217)

	For the Year Ended December 31, 2022		
	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total
Balance, beginning of year	$ (338,826)	$ (12,570)	$ (351,396)
Exchange differences on translation of foreign operations	494,678	—	494,678
Exchange differences on translation of foreign operations income tax	(98,936)	—	(98,936)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	—	111	111
Balance, end of year	$ 56,916	$ (12,459)	$ 44,457

(15) EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic EPS	$ 3.50	$ 6.71
Diluted EPS	$ 3.48	$ 6.67

EPS is computed as follows:

(A) Basic earnings per share

	For the Year Ended December 31	
	2023	2022
Net income for the period attributable to owners of the Corporation	$ 4,168,375	$ 8,000,977
Weighted average number of ordinary shares outstanding (in thousand shares)	1,191,821	1,191,821
Basic EPS	$ 3.50	$ 6.71

(B) Diluted earnings per share

	For the Year Ended December 31	
	2023	2022
Net income for the period attributable to owners of the Corporation	$ 4,168,375	$ 8,000,977
Weighted average number of ordinary shares outstanding (in thousand shares)	1,191,821	1,191,821
Assumed conversion of all dilutive potential ordinary shares		
Employees' remuneration (in thousand shares)	5,647	6,847
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	1,197,468	1,198,668
Diluted EPS	$ 3.48	$ 6.67

(16) OPERATING REVENUES

The analysis of the Company operating revenues was as follows:

	For the Year Ended December 31	
	2023	2022
Taiwan	$ 2,448,347	$ 1,803,901
United States	2,964,968	3,667,059
Asia	28,231,407	35,394,973
Europe	70,150	86,511
Other	133,973	52,595
Total	$ 33,848,845	$ 41,005,039

(17) OTHER INCOME

	For the Year Ended December 31	
	2023	2022
Rent income	$ 229	$ 229
Premium income	105,487	219,778
Other income, other	525,796	328,181
Total	$ 631,512	$ 548,188

(18) OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment (losses)	$ (497)	$ (33,277)
Foreign exchange gains (losses)	(61,704)	405,539
Gains on financial assets (liabilities) at fair value through profit or losses	—	(24,232)
Onerous contracts (losses)	2,286	15,395
Miscellaneous disbursements	(252,621)	(164,491)
Total	$ (312,536)	$ 198,934

(19) FINANCE COSTS

	For the Year Ended December 31	
	2023	2022
Interest expense	$ 84,055	$ 88,820
Interest on lease liabilities	2,256	2,249
Procedural expense	—	350
Less: interest capitalized	(2,023)	(2,196)
Total	$ 84,288	$ 89,223
Capitalization rates	1.583%～1.895%	1.422%～1.622%

(20) SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	For the Year Ended December 31	
	2023	2022
Share of profit of subsidiaries	$ 710,624	$ 3,607,464

(21) INCOME TAX

(A) Income tax recognized in profit or loss

(a) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
Current tax expense recognized in the current year	$ 871,108	$ 1,228,759
Additional 10% tax on undistributed earnings	220,546	117,453
Adjustments for prior year's income tax	(64,487)	(24,104)
Income tax credits	(95,001)	(100,875)
	932,166	1,221,233
Deferred income tax expense (benefit)		
The origination and reversal of temporary difference	159,549	411,416
Income tax expense recognized in profit or loss	$ 1,091,715	$ 1,632,649

(b) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 1,052,018	$ 1,926,725
Tax effect of adjusting items:		
Nondeductible (deductible items in determining taxable income)	(180,910)	(697,966)
Additional income tax on undistributed earnings	220,546	117,453
The origination and reversal of temporary difference	159,549	411,416
Adjustments for prior year's income tax	(64,487)	(24,104)
Income tax credits	(95,001)	(100,875)
Income tax expense recognized in profit or loss	$ 1,091,715	$ 1,632,649

(B) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 59,481	$ 20,248
Current tax liabilities		
Income tax payable	$ 859,285	$ 1,010,496

(C) Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax expenses (income)		
Current year		
Exchange differences on translation of foreign operations	$ (95,746)	$ 98,936
Remeasurement of defined benefit obligation	(7,526)	24,727
Income tax expense (benefit) recognized in the components of other comprehensive income	$ (103,272)	$ 123,663

(D) Deferred income tax balance

(a) The analysis of deferred income tax in the parent company only Balance Sheets was as follows:

	For the Year Ended December 31, 2023			
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of year
Temporary difference				
Accounts receivable	$ 91,968	$ (3,355)	$ —	$ 88,613
Inventories	135,750	(7,173)	—	128,577
Other payables	49,330	(20,953)	—	28,377
Provisions	12,253	(4,444)	—	7,809
Net defined benefit liabilities	48,355	(24,865)	7,526	31,016
Other current liabilities	40,046	(11,702)	—	28,344
Unrealized loss on exchange	8,567	15,055	—	23,622
Exchange differences on translation of foreign operations	—	—	81,517	81,517
Other	—	261	—	261
Deferred tax assets	$ 386,269	$ (57,176)	$ 89,043	$ 418,136
Temporary difference				
Investment gain	$ 3,791,392	$ 106,140	$ —	$ 3,897,532
Exchange differences on translation of foreign operations	14,229	—	(14,229)	—
Other	9,490	(3,767)	—	5,723
Deferred tax liabilities	$ 3,815,111	$ 102,373	$ (14,229)	$ 3,903,255

	For the Year Ended December 31, 2022			
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of year
Temporary difference				
Accounts receivable	$ 50,703	$ 41,265	$ –	$ 91,968
Inventories	114,081	21,669	–	135,750
Other payables	28,412	20,918	–	49,330
Provisions	7,973	4,280	–	12,253
Net defined benefit liabilities	98,105	(25,023)	(24,727)	48,355
Other current liabilities	82,204	(42,158)	–	40,046
Unrealized loss on exchange	5,546	3,021	–	8,567
Exchange differences on translation of foreign operations	84,707	–	(84,707)	–
Deferred tax assets	$ 471,731	$ 23,972	$ (109,434)	$ 386,269
Temporary difference				
Investment gain	$ 3,359,435	$ 431,957	$ –	$ 3,791,392
Exchange differences on translation of foreign operations	–	–	14,229	14,229
Other	6,059	3,431	–	9,490
Deferred tax liabilities	$ 3,365,494	$ 435,388	$ 14,229	$ 3,815,111

(b) Items for which no deferred tax assets have been recognized

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 44,722	$ 37,357

(c) The reduction in income tax expenses of the year about the laws and decrees, items, income tax credits and expiry date of unused income tax credits were as follows: None.

(E) Income tax assessments

The Compeq Company's income tax was returns through 2021 have been assessed by the tax authorities.

(F) The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2023 and 2022, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities were $280,276 thousand and $260,928 thousand, respectively.

(22) THE PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES OF THE COMPANY

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Personnel expenses	$3,766,324	$ 970,543	$4,736,867	$4,098,881	$1,182,812	$5,281,693
Direct labor	1,558,612	—	1,558,612	1,619,783	—	1,619,783
Payroll expense	1,550,439	816,077	2,366,516	1,819,143	1,040,137	2,859,280
Insurance expense	289,832	68,479	358,311	280,941	63,891	344,832
Pension	98,528	32,143	130,671	103,543	31,754	135,297
Board compensation	—	12,125	12,125	—	7,400	7,400
Others	268,913	41,719	310,632	275,471	39,630	315,101
Depreciation	1,406,946	36,622	1,443,568	1,369,728	31,559	1,401,287
Amortization	2,088	6,918	9,006	2,424	10,233	12,657

(A) As of December 31, 2023 and 2022, the Company had 4,606 and 4,945 employees, respectively. There were 4 and 5 non-employee directors, respectivety.

(B) The Company’s average employee benefit expense for the year ended December 31, 2023 and 2022 were $1,027 thousand and $1,068 thousand, respectively. The Company’s average salary expense for the ended December 31, 2023 and 2022 were $853 thousand and $907 thousand, respectively. The Company’s average salary expense adjustment for the year ended December 31, 2023 increased by (5.95%).

(C) The Company has established the Audit Committee in replace of supervisors and therefore the supervisors’ remuneration for the year ended December 31, 2023 and 2022 were both nil.

(D) The Company's compensation policies–directors, managers and employees :

(a) The compensation of directors shall be paid in accordance with the resolution of the board of directors for each attendance of the board of directors. The directors and independent directors shall receive fixed compensation. It is reviewed by the Compensation Committee then submitted to the board of directors for approval.

(b) The compensation of employees shall be handled in accordance with the company's "salary payment method, bonus/allowance payment method, attendance management method, performance management method, indirect employee salary assessment method", and the salary shall be determined according to their position, seniority, job title and professional ability , Year-end bonuses and profit sharing bonus to employees shall be determined to the company’s actual operating conditions and employees’ personal work performance.

(c) The compensation paid to managers is linked to the company's operating performance. The compensation is reviewed by the Compensation Committee then submitted to the board of directors for approval.

(E) According to the articles of the Compeq Company, if the Compeq Company has any profit in its comprehensive income statement of the prevailing year, 2% of the aforesaid profit shall be contributed for the employee compensation. The aforesaid profit refers to the benefit earned before deducting employee compensation from before-tax net profit. However, in case that the Compeq Company has any accumulated loss, it shall reserve an amount to cover the loss before contributing the amount for employee compensation according to the aforesaid ratio.

The preceding employee compensation can be distributed by either stock or cash, which shall be adopted by a majority of the directors of the Compeq Company present at the meeting attended by more than two-thirds of the entire body of directors and reported to the board of shareholders before implementation.

(F) The estimate of the Compeq Company’s employee compensation for 2023 and 2022 was $107,349 thousand and $196,605 thousand respectively. According to the profit status as of the prevailing period, the aforesaid estimates were listed as operating cost and operating expenses pursuant to the articles of incorporation. Any change in the annual financial statements after its publication day shall be processed according to the accounting estimate change, in which the change amount shall be adjusted and recorded in the following year.

(G) The Compeq Company’s profit sharing bonus to employees in the amounts of $196,605 thousand and $130,096 thousand in cash for 2022 and 2021, respectively, had been approved by the meeting of Board of Directors held on March 11, 2023 and March 11, 2022, respectively. The Company’s profit sharing bonus to compensation to directors for the year ended December 31, 2023 and 2022 were both nil. There was no difference between the actual amounts of employees’ compensation and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021 respectively.

(H) The information about the appropriations of The Compeq Company's profit sharing bonus to employees and compensation to directors is available at the Market Observation Post System website.

(23) CASH FLOW INFORMATION

(A) Non-cash transactions

	2023	2022
Increase in property, plant and equipment	$ 700,056	$ 1,219,397
Changes in Machinery and Equipment payable	335,595	164,524
Payments for acquisition of property, plant and equipment	$ 1,035,651	$ 1,383,921

(B) Changes in liabilities from financing activities

	Long-term borrowings (Current portion of long-term borrowings)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	$ 5,000,000	$ 143,000	$ 5,143,000
Changes in cash flow from financing activities	408,916	(34,793)	374,123
Changes in Other non-cash items	—	22,932	22,932
December 31, 2023	$ 5,408,916	$ 131,139	$ 5,540,055

	Long-term borrowings (Current portion of long-term borrowings)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	$ 6,200,000	$ 133,565	$ 6,333,565
Changes in cash flow from financing activities	(1,200,000)	(33,517)	(1,233,517)
Changes in Other non-cash items	—	42,952	42,952
December 31, 2022	$ 5,000,000	$ 143,000	$ 5,143,000

7. RELATED PARTY TRANSACTIONS

(1) Related party name and categories:

Related Party Name	Related Party Categories
Huaton Holdings Limited (HHL)	Subsidiary
Pelican Cove Investment Ltd. (PCI)	Subsidiary
COMPEQ (Thailand) Co., Ltd.	Subsidiary
Compeq Manufacturing (Huizhou) Co., Ltd. (CC)	HHL's subsidiary
Compeq Technology (Huizhou) Co., Ltd. (CF)	HHL's subsidiary
Compeq Manufacturing (Chongqing) Co., Ltd. (CQ)	HHL's subsidiary
Hong Kong Huaton Holdings Trading Company Limited (HHK)	HHL's subsidiary
Compeq Manufacturing (Suzhou) Co., Ltd. (CS)	CF's subsidiary
Hong Kong Compeq Huizhou Trading Company Limited (CHK)	CF's subsidiary
Huabo Technology (Huizhou) Co., Ltd. (HB)	CF's subsidiary
Directors, supervisors, general managers, vice general managers across the board	The Company's major management executives

(2) The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(A) Purchases

	For the Year Ended December 31	
	2023	2022
Subsidiaries	$ 13,401,136	$ 17,537,568

(a) The purchase prices were similar to those prices from other suppliers.

(b) The price of semi-finished products sold to the companies outside mainland China is determined according to the price agreed by both buyer and seller.

(B) Accounts payables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 3,484,874	$ 4,038,521

The payment terms were similar to those terms of other suppliers.

(C) Net revenue

	For the Years Ended December 31	
	2023	2022
Subsidiaries	$ 338,048	$ 834,893

The selling prices were based on the mutual agreement.

(D) Accounts receivable

	December 31, 2023	December 31, 2022
Subsidiaries	22,471	$ 446,942

The collection terms were similar to those terms to other customers.

(E) Other receivables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,473,114	$ 1,711,327

The other receivables were loans to related parties, compensation income, Premium income and advance payment. As of December 31, 2023 and 2022, the loans to related parties were $2,302,875 thousand and $1,474,080 thousand, respectively.

(F) Other payables

	December 31, 2023	December 31, 2022
Subsidiaries	$ —	$ 2,126

The other payables were the pruchase of equipment.

(G) Uneared receipts

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,829	$ —

(H) Disposal of property, plant and equipment

	For the Year Ended December 31			
	2023		2022	
	Disposal amount	Disposal gains (losses)	Disposal amount	Disposal gains (losses)
Subsidiaries	$ 6,826	$ 1,615	$ 5,079	$ 1,903

The selling prices were based on the mutual agreement.

(I) Other income

	For the Year Ended December 31	
	2023	2022
Subsidiaries	$ 310,673	$ 393,021

Other revenues mainly refer to the income from patent authorization and technical use, advance payments, loans to related parties of interest income, and compensation, of which the payment is made according to the terms of both parties' cooperation contract.

(J) Miscellaneous disbursements

	For the Year Ended December 31	
	2023	2022
Subsidiaries	$ 119,630	$ 17,204

Primarily loss on indemnity

(K) Guaranties on the bank credit

Limits on Endorsement/Guarantee amount as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 13,924,718 (US$ 453,500 thousand)	$ 16,844,435 (US$ 548,500 thousand)

(L) The Company goes to the material processing to CC, CF and CQ were through PCI and CHK, the related income and cost were reversed in the statement of income.

(M) Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 98,442	$ 81,002
Post-employment benefits	12,189	11,329
Total	$ 110,631	$ 92,331

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

8. PLEDGED ASSETS

		Book Value	
Items	Purpose	December 31, 2023	December 31, 2022
Restricted time deposits (shown as other current financial assets)	Performance bond	$ 10,174	$ 10,055
Property, plant and equipment	Long-term borrowings	788,409	850,923

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS.

(1)

	December 31, 2023		December 31, 2022	
The balance of the Company's LC amounts	NT	46,694 thousand	NT	17,811 thousand
	US$	— thousand	US$	743 thousand
	JP￥	1,042 thousand	JP￥	5,473 thousand
	EUR€	24 thousand	EUR€	53 thousand

(2) Unrecognized capital expenditure of the contracts has been signed for the purchase of equipment were as follows:

	December 31, 2023		December 31, 2022	
Payable on equipment	NT	244,967 thousand	NT	214,869 thousand

(3) Guarantee repayment to the financial institution for the amount of the borrowings were as follows:

	December 31, 2023		December 31, 2022	
HHL	US$	3,500 thousand	US$	3,500 thousand
PCI	US$	108,000 thousand	US$	123,000 thousand
CC	US$	—	US$	40,000 thousand
CS	US$	5,000 thousand	US$	5,000 thousand
CF	US$	90,000 thousand	US$	210,000 thousand
CQ	US$	230,000 thousand	US$	150,000 thousand
HB	US$	17,000 thousand	US$	17,000 thousand

10. SUBSEQUENT LOSSES: None.

11. SUBSEQUENT EVENTS: None.

12. OTHER

(1) CAPITAL MANAGEMENT

The Company plans its working capital (including R&D expenses and debt liquidation, etc.) required for the future in accordance with the characteristics currently existing in its industry and its future development status while it also considers the changes in the external environment, so as to ensure its sustainable operations. In so doing, the Company will be able to concurrently protect the interests of its shareholders and other related parties, maintain the optimal capital structure, and elevate the stockholder value. As a whole, the Company adopts a prudent risk management strategy.

(2) FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Financial assets				
Amortized cost				
Cash and cash equivalents	$ 5,020,001	$ 5,020,001	$ 5,568,004	$ 5,568,004
Notes and accounts receivables	7,234,690	7,234,690	8,829,973	8,829,973
Other receivables	2,558,945	2,558,945	1,791,229	1,791,229
Other current financial assets	2,260,174	2,260,174	1,804,175	1,804,175
Refundable deposits (including current)	42,398	42,398	34,930	34,930
Total	$17,116,208	$17,116,208	$18,028,311	$18,028,311
Financial liabilities				
Amortized cost				
Notes and accounts payable	$ 6,614,673	$ 6,614,673	$ 6,601,838	$ 6,601,838
Other payables	2,281,116	2,281,116	3,242,657	3,242,657
Long-term borrowings (including current portion)	5,408,916	5,408,916	5,000,000	5,000,000
Guarantee deposits (including current)	42,100	42,100	37,042	37,042
Total	$14,346,805	$14,346,805	$14,881,537	$14,881,537

(B) Financial risk management objectives

The currency risk, interest rate risk, credit risk and liquidity risk related to management and operation activities are the target of the Company’s financial risk management. The Company has devoted its efforts to recognizing, assessing and hedging market uncertainty in an attempt to reduce the potential adverse influence of market change on the Company’s financial performance.

The Company’s major financial activities have all been re-checked by its board of directors in accordance with the related regulations and internal control system. During the financial plan execution period, the Company has to strictly follow the financial operation procedures related to overall financial risk management and accrual basis.

(C) Market risk

The Company is exposed to the market risks arising from changes in foreign exchange rates, interest rates and the prices in equity investments, and utilizes some derivative financial instruments to reduce the related risks.

(a) Foreign currency risk

Most of the Company's operating activities and investment in foreign are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative shore-term borrowing and financial instruments, including currency forward contracts and cross currency swaps, to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity of the derivative financial instruments engaged by the Company is all less than six months, which does not meet the terms for accounting hedge.

For the sensitivity analysis of the foreign currency risk, the calculation is made according to the foreign currency items listed at the financial reporting closing date. When the NT dollar appreciates or depreciates 1% against a foreign currency, the Company's net profit or loss in 2023 and 2022 will increase or decrease by $68,416 thousand and $100,991 thousand respectively.

(b) Interest rate risk

Interest rate risk refers the risk caused by the change in the fair value of financial instruments as a result of change of the market interest rate. The Company's interest rate risk mainly comes from its mid-and long-term loans and the floating of the interest rates for the income investments with a fixed or floating interest rate

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of the bank loan and the floating interest rate at the final day of the financial report period, and a quarter's effect is assumed to be held. If the interest rate increased or decreased by 1%, the Company's profit or loss as of December 31, 2023 and December 31, 2022 would increase or decrease $28 thousand and $217 thousand respectively.

(D) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

(a) Business related credit risk

In order to maintain its quality of accounts receivable, the Company has set up its operation related credit risk management procedure.

The individual customer risk assessment covers the factors of an individual customer's financial status and credit rating agency's ratings, the Company's internal credit ratings and historical transaction records and current economic status, etc. which may affect customer's solvency capacity. In addition, the Company will also use some credit enhancement instruments, such as purchase prepayment and credit insurance, etc., at an appropriate time to reduce the credit risk of some specific customers.

As of December 31, 2023 and 2022, the Company's ten largest customers accounted for 75% and 78% of notes and accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(b) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's financial department. The Company's transaction counterparts and contract performance parties are the financial institutions with good credit, and the Company has diversified its risk by dealing with multiple financial institutions, so there shall be no significant credit risk caused by too much concentration on some financial institutions and no significant doubt about contract performance. As such, the Company shall have no material credit risk.

(E) Liquidity risk management

The purpose of the Company's management of liquidity risk is to maintain the cash and cash equivalents, high liquidity securities and enough bank financing facilities required for business operations, so as to ensure sufficiency of the Company's financial flexibility.

(a) The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principles and interests.

	December 31, 2023				
	Less Than 1 year	2-3 year	4-5 year	Over 6 years	Total
Non-derivative financial liabilities					
Notes and accounts payable	$ 6,614,673	$ —	$ —	$ —	$ 6,614,673
Other payable	2,281,116	—	—	—	2,281,116
Lease liabilities	32,826	37,645	17,680	51,980	140,131
Long-term borrowings	903,251	1,355,665	2,545,000	605,000	5,408,916
Guarantee deposits	42,100	—	—	—	42,100
Total	$ 9,873,966	$ 1,393,310	$ 2,562,680	$ 656,980	$ 14,486,936

	December 31, 2022				
	Less Than 1 year	2-3 year	4-5 year	Over 6 years	Total
Non-derivative financial liabilities					
Notes and accounts payable	$ 6,601,838	$ —	$ —	$ —	$ 6,601,838
Other payable	3,242,657	—	—	—	3,242,657
Lease liabilities	29,377	42,044	21,602	60,820	153,843
Long-term borrowings	391,084	1,615,166	2,993,750	—	5,000,000
Guarantee deposits	37,042	—	—	—	37,042
Total	$ 10,301,998	$ 1,657,210	$ 3,015,352	$ 60,820	$ 15,035,380

(b) Bank credit limit

	December 31, 2023	December 31, 2022
Secured bank general credit limit		
Total	$ 1,200,000	$ 1,200,000
Unsecured bank general credit limit		
Total	$ 13,207,528	$ 11,068,220

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities carried at amortized cost recognized in the parent company only financial statements approximate their fair values.

B. Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

a. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes interest rate futures contracts, publicly traded stocks, money market funds, government bonds, agency bonds and corporate bonds).

b. Forward exchange contracts are measured using quoted forward exchange rates.

c. The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

C. Fair value measurements recognized in the parent company only balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; active market refers to the market meeting the terms below: the products traded in the market are in homogeneity; buyers and sellers with trading intention are available in the market and the price information is open to the public.

b. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

D. Financial assets and liabilities measured at fair value on a recurring basis

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis:

a. For assets and liabilities held as of December 31, 2023 and 2022 that are measured at fair value on a recurring basis, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

b. There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2023 and 2022, respectively.

(4) SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

A. The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2023		
	Foreign currencies (In thousands)	Exchange Rare	Book Value (NTD)
Financial assets			
Monetary items			
USD	$ 399,406	30.705	$ 12,263,754
JPY	1,073,249	0.2172	233,110
CNY	4,394	4.327	19,012
Financial liabilities			
Monetary items			
USD	184,778	30.705	5,673,610
CNY	680	4.327	2,942

	December 31, 2022		
	Foreign currencies (In thousands)	Exchange Rare	Book Value (NTD)
Financial assets			
Monetary items			
USD	$ 506,624	30.71	$ 15,558,418
JPY	1,174,796	0.2324	273,023
CNY	64,898	4.408	286,072
Financial liabilities			
Monetary items			
USD	190,422	30.71	5,847,855
JPY	725,259	0.2324	168,550
HKD	488	3.938	1,923
CNY	2,124	4.408	9,360

B. Since the Company has numerous categories of foreign currency transactions, there is no way for it to disclose the details according to respective major currencies. As such, the information on exchange gain or loss of currency items is disclosed in a way of summarization. For the Company's exchange gains and losses, the realized profit was $56,405 thousand and unrealized loss was $118,109 thousand in 2023, respectively, whereas the realized profit was $448,376 thousand and unrealized loss was $42,837 thousand in 2022, respectively.

13. ADDITIONAL DISCLOSURES

The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(1) Information on significant transactions:

A. Financing provided to others: Please see Table 1 attached;

B. Endorsements/guarantees provided: Please see Table 2 attached;

C. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 3 attached;

D. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None;

E. Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: Please see Table 4 attached;

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

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 to Table 5-1 attached;

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 6 attached;

I. Trading in derivative instruments: Please see Note 12(2) attached;

J. Other: None.

(2) Information on investees:

A. Significant transactions information: Please see Table 1 to Table 6 and Table 8 attached;

B. Names, locations, and related information of investees over which The Company exercises significant influence: Please see Table 7 attached;

(3) Information on investment in Mainland China:

A. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 1 to Table 6 and Note 8.

(4) Information of major shareholder:

No shareholders hold more them 5% shares.

TABLE 1

FINANCING PROVIDED

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
0	Compeq Manufacturig Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Other receivables	Yes	$ 3,070,500 US$ 100,000	$ 3,070,500 US$ 100,000	$ 1,535,250 US$ 50,000	5.300%	2	–	Operating capital and Repayments of bank borrowings	–	–	–	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	Compeq Manufacturig (Suzhou) Co., Ltd.	Other receivables	Yes	$ 1,228,200 US$ 40,000	$ 614,100 US$ 20,000	$ 153,525 US$ 5,000	6.005%	2	–	Operating capital	–	–	–	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	Compeq Manufacturig (Huizhou) Co., Ltd.	Other receivables	Yes	$ 921,150 US$ 30,000	$ 921,150 US$ 30,000	None	–	2	–	Operating capital and Repayments of bank borrowings	–	–	–	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	Compeq Manufacturig (Choungqing) Co., Ltd.	Other receivables	Yes	$ 3,070,500 US$ 100,000	$ 3,070,500 US$ 100,000	$ 614,100 US$ 20,000	5.310%	2	–	Operating capital and Repayments of bank borrowings	–	–	–	$ 15,701,028	$ 15,701,028
0	Compeq Manufacturig Co., Ltd.	COMPEQ (Thailand) Co., Ltd.	Other receivables	Yes	$ 1,535,250 US$ 50,000	$ 1,535,250 US$ 50,000	None	–	2	–	Operating capital	–	–	–	$ 15,701,028	$ 15,701,028

Note 1：The Company and its subsidiaries are coded as follows:

1. The Company is coded “0”.
2. The subsidiaries are coded consecutively beginning from ”1” in the order presented in the table above.

Note 2：The nature for financing is coded as follows:

1. Bussiness relationship is coded “1”.
2. Short-term financing is coded “2”.

Note 3：The counter-party that was directly and indirectly holds more than 67% of the voting shares and controlling, the limit of financing amount for individual counter-party shall not exceed 40% of the lender’s net asset value as of the period. Limit of total financing amount shall not exceed 40% of the Company’s net asset value.

TABLE 2

ENDORSEMENTS / GUARANTEES PROVIDED

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Endorsement / Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party (Note 4)	Maximum Balance for the Period (US$ in Thousands)	Ending Balance (US$ in Thousands)	Amount Actually Draw (US$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement / Guarantee Amount Allowable (Note 5)	Guarantee Provided by Parent Company (Note 6)	Guarantee Provided by A Subsidiary (Note 6)	Guarantee Provided to Subsidiaries in Mainland China (Note 6)
		Name	Nature of Relationship (Note 2)										
0	Compeq Manufacturing Co., Ltd.	HUATON HOLDINGS LIMITED	2	$ 23,551,541	$ 107,468 US$ 3,500	$ 107,468 US$ 3,500	$ — US$ —	None	—	$ 47,103,083	Y	—	—
0	Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	2	$ 23,551,541	$ 3,776,715 US$ 123,000	$ 3,316,140 US$ 108,000	$ 29,876 US$ 973	None	8%	$ 47,103,083	Y	—	—
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	2	$ 23,551,541	$ 1,228,200 US$ 40,000	$ — US$ —	$ — US$ —	None	—	$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	2	$ 23,551,541	$ 153,525 US$ 5,000	$ 153,525 US$ 5,000	$ — US$ —	None	—	$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	2	$ 23,551,541	$ 6,448,050 US$ 210,000	$ 2,763,450 US$ 90,000	$ 2,077,592 US$ 67,663	None	7%	$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	2	$ 23,551,541	$ 7,062,150 US$ 230,000	$ 7,062,150 US$ 230,000	$ 2,149,350 US$ 70,000	None	18%	$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Huabo Technology (Huizhou) Co., Ltd.	2	$ 23,551,541	$ 521,985 US$ 17,000	$ 521,985 US$ 17,000	$ 203,329 US$ 6,622	None	1%	$ 47,103,083	Y	—	Y
1	Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	4	$ 5,493,312 US$ 178,906	$ 4,206,585 US$ 137,000	$ 4,206,585 US$ 137,000	$ 1,457,966 US$ 47,483	None	11%	$ 9,155,520 US$ 298,177	—	—	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded “0”.
2. The subsidiaries are coded consecutively beginning from ”1” in the order presented in the table above.

Note 2: According to the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that 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. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The calculation method and the ceiling amount shall be indicated. If there are contingent losses recognized in financial statements, the recognized amounts shall be indicated.

Note 4: 10% of the net value shown in its latest financial statement. However, for any single enterprise where the Company directly or indirectly holds more than 90% of its voting shares, the amount shall not exceed 60% of the net value shown in the Company’s latest financial statement. The amount for a single enterprise shall not exceed 20% of the net value shown in the Company and its subsidiaries’ latest financial statement. Nevertheless, if the Company directly or indirectly holds more than 90% of the single enterprise’s voting shares, the amount shall be no more than 70% of the net value shown in the Company’s latest financial statement. 10% of the net value shown in its latest financial statement of Compeq Manufacturing (Huizhou) Co., Ltd, if the Company directly or indirectly holds more than 90% of the single enterprise’s voting shares, the amount shall be no more than 60% of the net value shown in the Company’s latest financial statement.

Note 5: One and two times as much as the net value shown in the Company’s latest financial statement; one and a half times as much as the net value shown in the Company and its subsidiaries’ latest financial statement. Two time as much as the net value shown in the Compeq Manufacturing (Huizhou) Co., Ltd.’s latest financial statement.

Note 6: Under the circumstance where the TSE or OTC listed parent company endorses or guarantees its subsidiaries, the subsidiary endorses or guarantees its TSE or OTC listed parent company or the endorsement and guarantee is made in mainland China, “Y” shall be filled in.

TABLE 3

MARKETABLE SECURITIES HELD

Amounts in Thousands of New Taiwan Dollars.

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
	Stock							
Hua Nian Investment Ltd.	JIH LIN TECHNOLOGY CO., LTD.	None	Financial assets at fair value through profit or losscurrent	285,000	$ 20,520	0.28%	$ 20,520	
	XAVi Technologies Corporation	〃	〃	508,000	19,126	0.66%	19,126	
	CoreMax Corporation	〃	〃	377,000	29,481	0.32%	29,481	
	E-LEAD ELECTRONIC CO., LTD.	〃	〃	188,000	12,220	0.15%	12,220	
	Lanner Electranics Inc.	〃	〃	378,760	42,610	0.26%	42,610	
	ALLIED CIRCUIT CO., LTD.	〃	〃	48,000	7,440	0.09%	7,440	
	Co-Tech Development Corporation	〃	〃	78,000	4,727	0.03%	4,727	
	Taiwan Union Technology Corporation	〃	〃	138,000	17,388	0.05%	17,388	
	Cathay U.S. Treasury 2at Year Band ETF	〃	〃	517,000	16,446	—	16,446	
	Lian Hong Art Co., Ltd.	〃	〃	331,094	8,496	0.87%	8,496	
	Ubiqconn Technology Inc.	〃	〃	85,000	5,387	0.11%	5,387	
	nFore Technology Co., LTD.	〃	〃	519,191	28,369	1.48%	28,369	
	AutoSys Co., Ltd.	〃	Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	13,444	6.50%	13,444	

Note: Excluding subsidiaries.

TABLE 4

ACQUISITION OF REAL ESTATE REACHING NT$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

Amounts in Thousands of New Taiwan Dollars

Real estate acquired by	Real estate acquired	Date of event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
COMPEQ (Thailand) Co., Ltd.	Samut Parkan Province, Bang Bo District, Asia Industrial Estate in Thailand	April 26, 2023	$ 867,665	Paid in full	ASIA INDUSTRIAL ESTATE CO., LTD.	—	—	—	—	$ —	Reference to the land appraisal report issued by Bungkok Property Appraisal Co., Ltd., the board of Directors will make a decisian after negotiation	Constructing factory buildings	—

TABLE 5

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relation ships	Transaction Details				Details of non-arm's length transaction		Notes and Accounts receivable (payable)		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands)	Percentage of total purchases (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	Percentage of total receivables (payable)	
Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Purchases	$ 12,091,343	65%	60～90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	$ 3,133,066	47%	
Compeq Manufacturing Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Purchases	1,314,726	6%	60～90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	304,945	5%	
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	Purchases	416,645	2%	60～90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	46,863	1%	1
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Subsidiary	Sales	141,234	－	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	4,856	－	1
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	Sales	190,418	1%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	－	－	1

TABLE 5-1

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relation ships	Transaction Details				Details of non-arm's length transaction		Notes and Accounts receivable (payable)		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands)	Percentage of total purchases (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	Percentage of total receivables (payable)	
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	Sales	US$ 7,680	2%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 3,486	4%	1
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	Purchases	US$ 4,281	2%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ —	—	1
Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Sales	US$ 163,561	43%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 23,402	29%	
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	Purchases	US$ 97,534	44%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 42,663	33%	1
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	Sales	US$ 14,156	4%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ —	—	1
Compeq Manufacturing (Suzhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Sales	US$ 57,941	57%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 12,266	50%	
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Sales	US$ 717,753	86%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 213,330	82%	1
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Purchases	US$ 6,269	2%	60～90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ —	—	1
Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Sales	US$ 221,485	71%	90～120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US$ 79,021	65%	

Note 1: As agreed by both parties, the settlement of accounts receivables and accounts payable was finalized in accordance with the net amount at the end of the period.

TABLE 6

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relationships	Ending Balance (Foreign Currencies in Thousands)	Turnover rate	Overdue receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	$ 157,438	(Note 1)	None	None	$ 3	—
Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	$ 1,608,741	(Note 1)	None	None	$ 1,608,741	—
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	$ 645,588	(Note 1)	None	None	$ 645,588	—
PELICAN COVE INVESTMENT LTD.	Compeq Manufacturing Co., Ltd.	Parent company	US$ 102,428	3.40	None	None	US$ 67,111	—
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	US$ 3,486	2.85	None	None	US$ 1,337	—
Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	US$ 23,402	6.34	None	None	US$ 23,402	—
Compeq Manufacturing (Suzhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Co., Ltd.	Subsidiary	US$ 12,266	3.45	None	None	US$ 9,902	—
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Co., Ltd.	Subsidiary	US$ 213,330	3.74	None	None	US$ 151,000	—
Compeq Manufacturing (Chongqing) Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Subsidiary	US$ 42,663	2.98	None	None	US$ 25,031	—
Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	US$ 79,021	2.07	None	None	US$ 44,257	—
Hong Kong Compeq Huizhou Trading Co., Ltd.	Compeq Manufacturing Co., Ltd.	Parent company	US$ 9,931	5.45	None	None	US$ 9,927	—

Note 1 : The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

TABLE 7

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION OF INVESTMENT MAINLAND CHINA)

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2023			Net Income (Losses) of the Investee (Foreign Currencies in Thousands)	Shares of Profits/Losses of Investee (Foreign Currencies in Thousands)	Notes
				December 31, 2023 (Foreign Currencies in Thousands)	December 31, 2022 (Foreign Currencies in Thousands)	Shares	Percentage of ownership	Carrying value (Foreign in Thousands)			
Compeq Manufacturing Co., Ltd.	HUATON HOLDINGS LIMITED	BVI	Investment (Indirectly investment in Mainland China)	$ 3,771,004	$ 3,771,004	240,886,000	100.00%	$ 27,975,453	$ 629,058 US$ 19,444	$ 649,300 (Note 1)	Subsidiary
	PELICAN COVE INVESTMENT LTD.	SAMOA	Trading	559,685	559,685	17,700,000	100.00%	752,889	$ 15,105 US$ 530	$ 15,105	Subsidiary
	Hua Nian Investment Ltd.	TAIWAN	General investing	250,000	250,000	30,000,000	100.00%	333,630	$ 47,586	$ 47,586	Subsidiary
	LITON HOLDINGS LIMITED	BVI	Investment (Indirectly investment in Mainland China)	168,250	168,250	100,000	100.00%	1,268	$ (91) US$ 3	$ (91)	Subsidiary
	COMPEQ (Thailand) Co., LTd.	THAILAND	PCB manufacturing and sales	1,694,112	—	187,500,000	100.00%	1,689,409	$ (1,275) THB (1,418)	$ (1,275)	Subsidiary
HUATON HOLDINGS LIMITED	Hong Kong Huaton Holdings Trading Company Limited	Hong Kong	Trading	$ 9,212 US$ 300	$ 9,212 US$ 300	—	100.00%	$ 7,440 US$ 242	$ 250 US$ 8	(Note 2)	Subsidiary
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Hong Kong	Trading	$ 8,206 US$ 267	$ 8,206 US$ 267	—	100.00%	$ 333,588 US$ 10,864	$ 77,608 US$ 2,436	(Note 2)	Subsidiary

Note 1: The investment profits and losses recognized in the current period include the recognition and deletion of realized and unrealized profits and losses.

Note 2: The current period profit and loss of the investee company were already included in the investment company's income statement, so they are not separately presented.

Note 3: The current period profit and loss of the investee company and the investment profit and loss recognized in the current period by the investee company are converted in accordance with the average exchange rate, while other profits and losses are converted according to the exchange rate at the end of the period.

TABLE 8

INFORMATION ON INVESTMENT IN MAINLAND CHINA

1.

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Investee Company	Main Businesses and products	Total Amount of paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outflow of Investment January 1, 2023 (US$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (US$ in Thousands)	Net income (loss) of investee company	Percentage of Ownership	Shares of profits/Losses (Note 2)	Carrying Amount (US$ in Thousands) as of December 31, 2023 (US$ in Thousands)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Compeq Manufacturing (Huizhou) Co., Ltd.	PCB manufacturing and sales	$ 4,518,944 CNY$ 1,042,301	(Note 1)	$ 1,535,250 US$ 50,000	—	—	$ 1,535,250 US$ 50,000	$ 64,440 CNY$ 14,657	100%	$ 64,104 US$ 1,932	$ 9,161,885 US$ 298,384	—
Compeq Manufacturing (Suzhou) Co., Ltd.	PCB manufacturing and sales	$ 396,156 CNY$ 91,374	(Note 2)	$ 337,755 US$ 11,000	—	—	$ 337,755 US$ 11,000	$ 43,798 CNY$ 9,933	100%	$ 43,798 US$ 1,395	$ 1,179,002 US$ 38,398	—
Compeq Technology (Huizhou) Co., Ltd.	PCB manufacturing and sales	$ 5,551,883 CNY$ 1,280,550	(Note 1)	$ 1,473,840 US$ 48,000	—	—	$ 1,473,840 US$ 48,000	$ 626,302 CNY$141,546	100%	$ 626,808 US$ 19,499	$ 11,300,384 US$ 368,0,31	—
Compeq Manufacturing (Chongqing) Co., Ltd.	PCB manufacturing and sales	$ 2,308,200 CNY$532,390	(Note 1)	—	—	—	—	$ 96,739 CNY$ 21,449	100%	$ 96,739 US$ 2,946	$ 10,132,445 US$ 329,993	$ 1,612,179 US$ 52,018
Huabo Technology (Huizhou) Co., Ltd.	Electronic manufacturing 、Outsourcing processing 、Plant lease 、Property management 、Equipment leasing and electronic technology management and technical consulting	$ 1,256,182 CNY$289,740	(Note 3)	—	—	—	—	$ 15,916 CNY$ 3,611	100%	$ 15,916 US$ 512	$ 1,383,762 US$ 45,006	—

Accumulated Investment in Mainland China as of December 31, 2023 (US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousands)	Upper Limit on Investment (US$ in Thousands)
$ 3,779,478 [US$ 123,090]	$ 10,653,130 [US$ 346,951]	$ — (Note 6)

Note 1: Indirectly investment in Mainland China through the HUATON HOLDINGS LIMITED registered in a third region.

Note 2: Originally indirectly investment in Mainland China through the HUATON HOLDINGS LIMITED registered in a third region. In April 2020, investment in Mainland Company through an investment company in mainland China.

Note 3: Investment in Mainland Company through an investment company in Mainland China.

Note 4: The investment income (loss) recognized in current period adopted the financial statement certificated by the CPA of the parent company in Taiwan.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date. (US$1:NT$30.705, US$1:NT$31.66, CNY$1:NT$4.3355 CNY$1:NT$4.4356)

Note 6: The Company already received the letter of corporate operation headquarters establishment issued by Industrial Development Bureau, MOEA, and the approval period has been from March 14, 2023 to March 13, 2026. It could be exempt from the restriction on investment amounts or ratios.

2.

The Company invested resolution	Investment Amounts		Investment Amounts	Indirectly Investment in Mainland China	
	Approved Number	Authorized Amounts		Investment outflow	Purpose
HUATON HOLDINGS LIMITED	1995/09/29-(84)-84015347	US$ 20,000,000	US$ 20,000,000	US$ 20,000,000	Indirectly investment Compeq Manufacturing (Huizhou) Co., Ltd.
〃	1997/07/14-(86)-86721040	US$ 30,000,000	US$ 30,000,000	US$ 30,000,000	〃
〃	1997/09/18-(86)-86736526	US$ 5,400,000	US$ 5,400,000	US$ 5,400,000	Indirectly investment PEWC (Guangzhou) Co., Ltd. and achieved 45% stake.
〃	2001/07/27-(90)-90022765	US$ 5,400,000	US$ 3,390,000	US$ 1,890,000	〃
〃	2004/02/13-093003687	US$ (1,920,000)	US$ —	US$ (1,296,000)	Reduce investment PEWC (Guangzhou) Co., Ltd. and achieved 8% stake.
〃	2004/04/23-093010705	US$ 2,900,000	US$ 2,900,000	US$ 2,900,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2004/06/23-093015571	US$ 9,500,000	US$ 9,500,000	US$ 9,500,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2005/02/23-094001762	US$ 4,100,000	US$ 4,100,000	US$ 4,100,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2006/03/31-09500069340	US$ 8,500,000	US$ 8,500,000	US$ 8,500,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2006/03/31-09500069390	US$ 7,000,000	US$ 4,000,000	US$ 4,000,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2011/03/25-10000119020	US$ (3,000,000)	US$ —	US$ —	Reduce investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2006/07/20-09500220150	US$ 290,000	US$ 290,000	US$ —	Directly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2006/12/27-09500445960	US$ 1,000,000	US$ 210,000	US$ 210,000	Indirectly investment Veceration Co., Ltd.
〃	2009/07/24-09800263470	US$ (790,000)	US$ —	US$ —	Reduce investment Veceration Co., Ltd.
〃	2007/01/22-09600008530	US$ 2,886,000	US$ 2,886,000	US$ 2,886,000	Indirectly investment PEWC (Guangzhou) Co., Ltd.
〃	2011/03/28-10000119030	US$ 7,000,000	US$ 7,000,000	US$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.

The Company invested resolution	Investment Amounts		Investment Amounts	Indirectly Investment in Mainland China	
	Approved Number	Authorized Amounts		Investment outflow	Purpose
〃	2012/03/30-10100019840	US$ 45,000,000	US$ 45,000,000	US$ —	Directly investment Compeq Manufacturing (Chongqing) Co., Ltd.
〃	2012/05/25-10199165700	US$ 15,000,000	US$ 15,000,000	US$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2014/02/27-10200494220	US$ 50,000,000	US$ 40,000,000	US$ —	Directly investment Compeq Manufacturing (Chongqing) Co., Ltd.
〃	2015/03/31-10300357540	US$ 30,000,000	US$ 30,000,000	US$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2017/07/06-10600111220	US$ 15,000,000	US$ 15,000,000	US$ —	Directly investment Compeq Manufacturing (Huizhou) Co., Ltd.
〃	2018/01/31-10600349330	US$ 33,710,000	US$ —	US$ —	Directly investment Compeq Manufacturing (Suzhou) Co., Ltd.
〃	2018/04/02-10600349320	US$ 60,000,000	US$ 30,000,000	US$ 30,000,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
〃	2020/04/27-10900057020	US$ (33,710,000)	US$ —	US$ —	Reduce investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
〃	2020/04/27-10900057020	US$ 39,974,508	US$ 11,290,000	US$ 11,000,000	Transferred the 100% equity of Compeq Manufacturing (Suzhou) to increase investment Compeq Technology (Huizhou) Co., Ltd. (Note 2)
LITON HOLDINGS LIMITED	2007/04/24-09600111850	US$ 5,000,000	US$ 5,000,000	US$ 5,000,000	Indirectly investment Victor (Chang shu) Co., Ltd.

Note 1: In April 2020, the shares of Compeq Manufacturing (Suzhou) Co., Ltd. has been transferred 100% to Compeq Technology (Huizhou) Co., Ltd. The Originally investment amount authorized by Investment Commission, MOEA, will not included in the calculation of the company's total investment in mainland China.

Note 2: The investment amount authorized by Investment Commission, MOEA, includes US$28,654,508 of the capital increase by retained earnings from Compeq Manufacturing (Suzhou) Co., Ltd.

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

6.6.Financial status of the Company and its affiliates；Not applicable.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	42,111,795	42,388,296	(276,501)	-1%
Noncurrent Assets	36,997,243	37,434,232	(436,989)	-1%
Total Assets	79,109,038	79,822,528	(713,490)	-1%
Current Liabilities	24,035,164	22,772,697	1,262,467	6%
Noncurrent Liabilities	15,821,305	18,332,943	(2,511,638)	-14%
Total Liabilities	39,856,469	41,105,640	(1,249,171)	-3%
Capital stock	11,918,206	11,918,206	0	0%
Capital surplus	1,060,226	1,060,226	0	0%
Retained Earnings	26,614,354	25,693,999	920,355	4%
Other equity interest	(340,217)	44,457	(384,674)	-865%
Total Stockholders' Equity	39,252,569	38,716,888	535,681	1%

- **Analysis of changes in financial ratios:**

  1. Other equity interest: In 2023, foreign investment was affected by fluctuations in the exchange rates of the Renminbi and the New Taiwan Dollar, resulting in exchange differences in the financial statements of overseas operating entities

- **Effect of changes on the company's financial condition: The Company's financial condition has not changed significantly.**
- **Future response actions: Not applicable**

7.2 Analysis of Financial Performance

7.2.1

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Net Revenue	67,078,773	76,419,408	(9,340,635)	-12%
Cost of Revenue	56,951,976	60,970,511	(4,018,535)	-7%
Gross Profit	10,126,797	15,448,897	(5,322,100)	-34%
Operating Expenses	4,908,018	5,326,858	(418,840)	-8%
Income from Operations	5,218,779	10,122,039	(4,903,260)	-48%
Non-operating Income and Expenses	53,621	14,185	39,436	278%
Income before Income Tax	5,272,400	10,136,224	(4,863,824)	-48%
Income Tax Expenses	1,104,025	2,135,247	(1,031,222)	-48%
Net income	4,168,375	8,000,977	(3,832,602)	-48%

- **Analysis of changes in financial ratios:**

1. Gross Profit：In 2023, reduced sales revenue and gross profit were due to economic conditions and external competitive factors
2. Income from Operations ：The decrease in gross profit in 2023 led to a decrease in operating income
3. Non-operating Income and Expenses ：The increase in interest income in 2023 was mainly due to rising interest rates, along with an increase in revenue generated from operations.
4. Income before Income Tax ：The decrease in net operating profit in 2023 resulted in a decrease in pre-tax net profit.
5. Income Tax Expenses ：Due to the decrease in net operating profit in 2023, the current income tax expense decreased accordingly
6. Net income ：In 2023, pre-tax net profit decreased, leading to a decrease in net profit for the period after deducting income tax expenses

- Effect of changes on the company's future business: No significant changes in the company's business scope.
- Future response actions: Not applicable.

7.2.2 Analysis of changes in Gross Profit

Unit: NT$ thousands

Item	Increase/Decrease of Gross Profit	Reason for Difference				
		Price Difference	Cost Difference	Sales Mix Difference	Quantity Difference	Product Mix Difference
Gross Profit	$(5,322,100)	$(1,626,212)	$(2,604,974)	$ 1,315,945	$(2,311,438)	$(95,421)

Note: The main reasons for the decrease in gross profit for the year were a reduction in order quantities, decreased sales volumes, and competitive pricing pressures. This led to a lower overall gross profit margin compared to the previous year.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Provided by Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
$11,859,565	$10,450,705	$ (11,104,438)	$11,241,891	–	–

Analysis of change in cash flow in the current year:

1. Cash flows from operating activities: The cash inflow is due to the working capital of operating activities.
2. Cash flows from investing activities: The cash outflow is due to the payment of acquisition of property, plant and equipment.
3. Cash flows from financing activities: No significant changes.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis：Not applicable.

7.3.3 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
$ 11,241,891	$5,442,907	$(7,191,969)	$ 9,492,829	–	–

A. Cash flows from operating activities: Mainly due to the decrease in operating profit.

B. Cash flows from investing activities: None

C. Cash flows from financing activities: None.

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure				
				2023	2024	2025	2026	2027
acquisition of equipment	Operating income and bank loans	2024.12.31	$13,715,947	$6,613,947	$7,102,000	–	–	–

7.4.2 Expected Benefits

A. Estimated Increase in Production, Sales, and Gross Profits

Unit: NT$ thousands

Year	Item	Quantity of Production	Quantity of Sales	Amount of Sales	Gross Profit
2024	PCB	816	816	1,150,800	156,000

B. Other Benefits：Improving the product quality.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT$ thousands

Item \ Remarks	2024 Income (Loss) Amount	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
HUATON HOLDINGS LIMITED	629,058	Investment business in China	Investment business id profitable in China	win more order and increase utilization rate in the future	None
PELICAN COVE INVESTMENT LTD.	15,105	Trading business in China	The trading business is profitable in China.	win more order in the future	None
HUANEIN HOLDINGS LTD.	47,586	Investment business	Financial asset investment loss	None	None
LITON HOLDINGS LIMITED	(91)	Investment business in China	None	None	None
COMPEQ Thailand Co., Ltd.	(1,275)	Establishment of overseas factories.	Initial factory construction costs.	Continuous construction and operation	Continued investment in fixed assets

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Interest rate

While interest rate is unpredictable as shown in the historical trend, we regularly assess their impacts on our bank loans to timely adjust our financing policy.

B. Foreign exchange rates

As an export-oriented company, we have most accounts receivable in USD. As our suppliers are located in either Taiwan or China, we pay mostly in TWD and CNY. Therefore, most exchange loss and gain come from exchanging USD to TWD and USD to CNY. Past exchange rate trends show that exchange rates are impossible to predict accurately. Natural hedging of asset against debt was therefore used where possible last year. Pre-sale of USD at the forward rate was also used to reduce exchange risks. The hedging position is increased or reduced based on the trend of the USD exchange rate.

C. Inflation

There is currently no serious inflation problem in Taiwan so inflation does not have a material impact on our bottom line at the moment.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

In offering endorsements and guarantees, none of our wholly owned subsidiaries or their wholly owned investees offer endorsement or guarantee. Therefore, there are limited risks and no loss or gain from endorsements and guarantees.

Trading in derivative products can be authorized by the Chairman under our company's "Acquisition or Disposal of Assets Procedure" but our current policy is to only engage in long-term foreign exchange transactions for hedging purposes. Future trading in derivatives will be mainly for hedging purposes as well. Trading for profit will be avoided to prevent major losses from errors in judgment.

7.6.3 Future Research & Development Projects and Corresponding Budget

Printed Circuit Board (PCB) serve as the core components of electronic products, providing the platform for supporting and connecting various electronic components. They play a crucial role in modern technological applications. Compeq is dedicated to the manufacturing of printed circuit boards. All manufacturing processes are self-developed and applied, maintaining a leading position in the PCB manufacturing industry for a long time. However, the future still poses a series of challenges, including rapidly changing technological demands, environmental protection, and challenges in the overall supply chain. These challenges require more investment in technological research and development to innovate processes, improve efficiency, practice environmental protection, and cultivate talents for sustainable development. The research and development resources invested in 2023 accounted for approximately 3.8% of the company's total revenue. Future research and development efforts will continue to adhere to the consistent spirit of timely developing new technologies to meet the rapidly changing demands and challenges of new products. It is estimated that research and development expenses will account for approximately 3.5%-4% of revenue in 2024.

Compeq's future product directions include a diverse range of developments and applications: High-end HDI PCB, Satellite communication, Optical communication, Data centers, AI PC & Server PCB, Multi-layer flexible PCB, Rigid-Flex PCB, and SMT fields. The key focuses of advanced process technology development include Coreless technology, mSAP process, Subtractive L/S 30/35um circuitry process, Materials development and application for high frequency, ultra-thin, foldable, voltage-resistant up to 20KV, such as BT-like materials, low-loss materials, RCC, high-level PI & SM, Copper density enhancement for high heat dissipation, Anylayer board up to 18 layers High-level machine drilling/back drilling technology and high-precision alignment enhancement, Asymmetric layer pressing for space communication application boards, and other enhancements, etc.

These developments aim to meet the requirements of high-end smart devices for multifunctionality and compactness. Compeq seeks to continuously strengthen its leading position in satellite space boards and high-end HDI products. Additionally, in response to the technological strategies of the US and China, Compeq plans to establish a new production base in Thailand to expand production capacity for high-end satellite communication, optical communication, data centers, AI servers, and other products to meet market demands.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: No significant effects in 2023.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

With the innovation of network technology, malicious network attacks are ever-changing. Huatong has introduced the international standard ISO27001 information security management system and completed certification;

Keep the latest protection software and hardware updated to respond to threats in the external environment, and cooperate with regular risk assessments to reduce the risk of malicious network attacks to protect the company's important assets.

In the most recent year and as of the publication date of the annual report, the Company has not had any significant impact on its financial operations due to technological changes and industrial changes.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: Not applicable

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Not applicable

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: Not applicable

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The Company has consistently focused on identifying alternative sources for purchasing, and has worked to diversify its customer base in order to reduce the concentration of sales.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable during the last few years, and there have been no major transfers or swaps of shares.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None

7.6.12 Litigation or Non-litigation Matters

A Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

B Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None

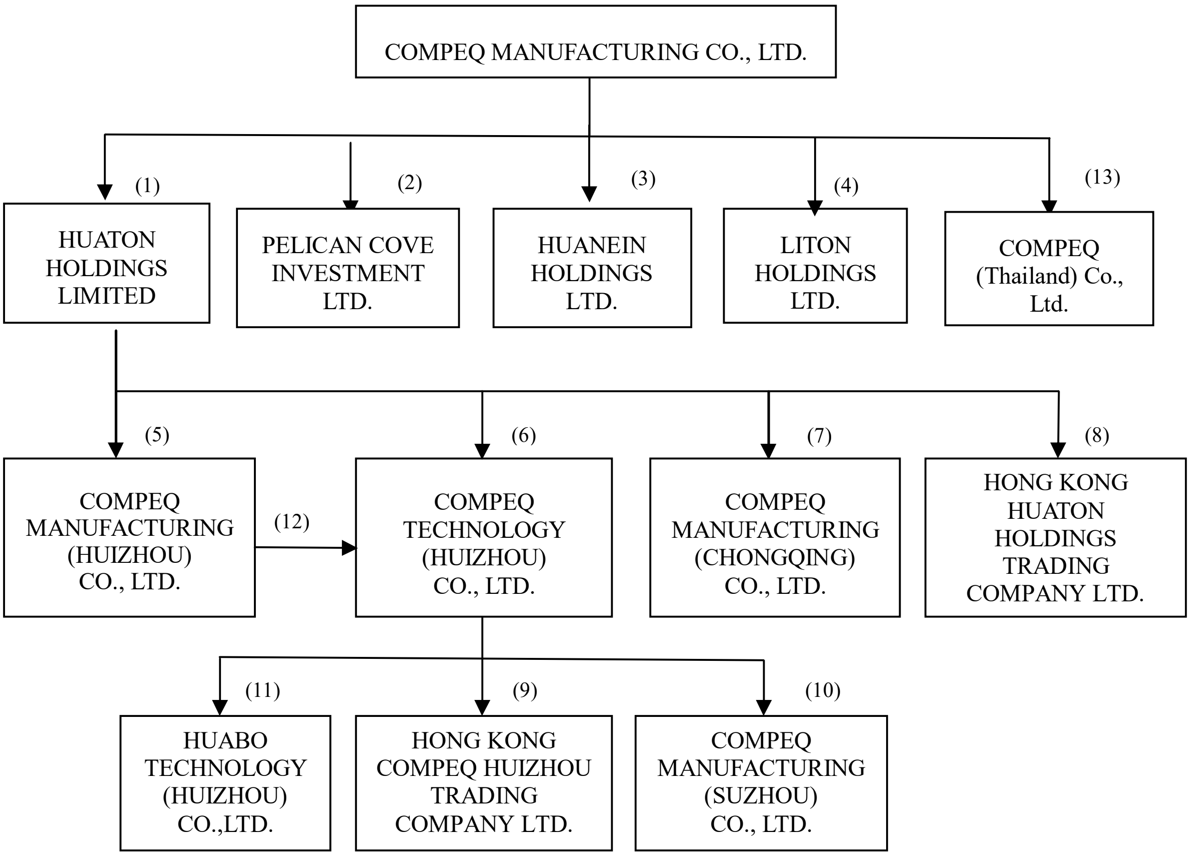
7.6.13 Other Major Risks: None.

7.7 Other important matters: None

VIII. Special Disclosure -- RELATED PARTIES INFORMATION

8.1 Organization

8.1.1 Organization Chart



NOTE	PARENT COMPANY	SUBSIDIARY	SHARE RATIO
(1)	COMPEQ MANUFACTURING CO., LTD.	HUATON HOLDINGS LTD.	100%
(2)	COMPEQ MANUFACTURING CO., LTD.	PELICAN COVE INVESTMENT LTD.	100%
(3)	COMPEQ MANUFACTURING CO., LTD.	HUANEIN HOLDINGS LTD.	100%
(4)	COMPEQ MANUFACTURING CO., LTD.	LITON HOLDINGS LTD.	100%
(5)	HUATON HOLDINGS LIMITED	COMPEQ MANUFACTURING (HUIZHOU) CO., LTD.	100%
(6)	HUATON HOLDINGS LIMITED	COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD.	100%
(7)	HUATON HOLDINGS LIMITED	COMPEQ MANUFACTURING (CHONGQING) CO., LTD.	75%
(8)	HUATON HOLDINGS LIMITED	HONG KONG HUATON HOLDINGS TRADING COMPANY LTD.	100%
(9)	COMPEQ TECHNOLOGY (HUIZHOU) CO. LTD.,	HONG KONG COMPEQ HUIZHOU TRADING COMPANY LTD.	100%
(10)	COMPEQ TECHNOLOGY (HUIZHOU) CO. LTD.,	COMPEQ MANUFACTURING (SUZHOU) CO., LTD.	100%
(11)	COMPEQ TECHNOLOGY (HUIZHOU) CO. LTD.,	HUABO TECHNOLOGY (HUIZHOU) CO.,LTD.	100%
(12)	COMPEQ MANUFACTURING (HUIZHOU) CO. LTD.,	COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD.	25%
(13)	COMPEQ MANUFACTURING CO., LTD.	COMPEQ (Thailand) Co., Ltd.	100%

8.1.2 General Information

Related Party	Setup Date	Location	Paid-in Capital	Business Segment
COMPEQ MANUFACTURING CO., LTD.	1973.08.30	No.91, Ln. 814, Daxin Rd., Shin-juang Vil. Luzhu Dist., Taoyuan City 33843, Taiwan	TWD 11,918,206 Thousands	PCB manufacturing and sales
HUATON HOLDINGS LTD.	1995.07.01	4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110,	US$ 240,886 Thousands	Investment and trading
COMPEQ MANUFACTURING (HUIZHOU) CO., LTD.	1995.11.21	No.168, Huguang Rd., Huzhen Town, Boluo County, Huizhou, Guangdong, China 516139	CNY 1,042,301 Thousands	PCB manufacturing and trading
COMPEQ MANUFACTURING (SUZHOU) CO., LTD.	2004.05.19	Block 20TH, Suchun Industrial Square, Xinglong Industrial Park, China 215021	CNY 91,374 Thousands	PCB design and SMT service
COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD.	2004.07.15	No.168, Huguang Rd., Huzhen Town, Boluo County, Huizhou, Guangdong, China 516139	CNY 1,091,382 Thousands	FPCB design and manufacturing
COMPEQ MANUFACTURING (CHONGQING) CO., LTD.	2012.05.16	No.21, Panlong Road, Fuling District, Chongqing, China	CNY 532,390 Thousands	PCB manufacturing and sales
PELICAN COVE INVESTMENT LTD.	1997.02.05	4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110,	US$ 17,700 Thousands	Investment and trading
HUANEIN HOLDINGS LTD.	2007.04.23	No. 249, Guoqiang 2nd Street, Longxiangli, Taoyuan District, Taoyuan City, Taiwan	TWD 300,000 Thousands	Investment
LITON HOLDINGS LTD.	2007.03.28	4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110,	US$ 100 Thousands	Investment
HONG KONG COMPEQ HUIZHOU TRADING COMPANY LTD.	2009.12.15	Room 2702-03, Integrated Centre, 302-8 Hennessy Road, Wan Chai, Hong Kong	US$ 300 Thousands	Trading
HONG KONG HUATON HOLDINGS TRADING COMPANY LIMITED	2019.09.30	31/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong	US$ 300 Thousands	Trading
HUABO TECHNOLOGY (HUIZHOU) CO.,LTD.	2020.08.10	No.168, Huguang Rd., Huzhen Town, Boluo County, Huizhou, Guangdong, China 516139	CNY 289,740 Thousands	Trading
COMPEQ (Thailand) Co., Ltd.	2023.04.05	Asia Industrial Estate (Suvarnabhumi) 88/3 Moo 3, T. Klongsuan, A. Bang Bo, Samut Prakan Province, 10560	THB 1,875,000	PCB manufacturing and sales

8.1.3 The Business correlation between all of the affiliates overall

Related Party	Business Segment	Correlation
COMPEQ MANUFACTURING CO., LTD.	PCB manufacturing and sales	Integral related parties' management. Advanced PCBs manufacturing
HUATON HOLDINGS LIMITED	Investment and trading	Mainly in charge of Investment and trading in China
COMPEQ MANUFACTURING (HUIZHOU) CO., LTD.	PCB manufacturing and trading	Mainly in charge of the manufacturing and sales of advanced and matured PCBs in China
COMPEQ MANUFACTURING (SUZHOU) CO., LTD.	PCB design and SMT service	Mainly in charge of low volume SMT service in East China
COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD.	FPCB design and manufacturing	Mainly in charge of the manufacturing and sales of FPCBs
COMPEQ MANUFACTURING (CHONGQING) CO., LTD.	PCB manufacturing and sales	Mainly in charge of the manufacturing and sales of advanced and matured PCBs in China
PELICAN COVE INVESTMENT LTD.	Investment and trading	Trade with related parties in China and global investment
HUANEIN HOLDINGS LTD.	Investment	Domestic investment and trading.
LITON HOLDINGS LTD.	Investment	Mainly in charge of Investment and trading in China
HONG KONG COMPEQ HUIZHOU TRADING COMPANY LTD.	Trading	Electronic components trading in China.
HONG KONG HUATON HOLDINGS TRADING COMPANY LIMITED	Trading	Electronic components trading in China.

HUABO TECHNOLOGY (HUIZHOU) CO.,LTD.	Plant and equipment leasing business	Electronic manufacturing, outsourcing processing, plant and equipment leasing business, property management, equipment lease, technical consulting
COMPEQ (Thailand) Co., Ltd.	PCB manufacturing and trading	Mainly in charge of the manufacturing and sales of advanced and matured PCBs in Tailand

8.1.4 Boards and Directors Information

Related Parties	Title	Representative	Shares and Capital	
			Shares	Share Ratio
COMPEQ MANUFACTURING CO., LTD.	Chairman of the Board and President	P.K. Chiang	800,450	0.07%
	Director	K.S. Peng	8,365,186	0.70%
	Director	Chang-Zhi Investment Co., Ltd. Representative: Charles Wu	16,885,000 27,195,218	1.42% 2.28%
	Director	Chang-Zhi Investment Co., Ltd. Representative: Victor Lu	16,885,000 18,729	1.42% 0.00%
	Director	Positive Bo Investment Co., Ltd. Representative: P.Y. Wu	11,798,000 17,375,911	0.99% 1.46%
	Director	Xue Dayton Investment Co., Ltd. Representative: P.H. Wu	12,831,000 27,204,857	1.08% 2.28%
	Independent director	Tzu Kuan Chiu	0	0.00%
	Independent director	Teng Ling Liu	1,366,565	0.11%
	Independent director	Y. C. Huang	28,343	0.00%
HUATON HOLDINGS LTD.	Chairman of the Board Director Director Director Director	Compeq Manufacturing Co., Ltd. Representative: P.K. Chiang Representative: Andrew Chen Representative: P.Y. Wu Representative: Victor Lu Representative: P.H. Wu	240,886,000 0 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00% 0.00%
COMPEQ MANUFACTURING (HUIZHOU) CO., LTD.	Chairman of the Board Director Director Director Director Supervisor President	Huaton Holdings Ltd. Representative: P.K. Chiang Representative: Andrew Chen Representative: P.Y. Wu Representative: P.H. Wu Representative: P.Y. Wu Representative: Fan Lu Representative: M.P. Chen	US$130,000,000(Paid-in) 0 0 0 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%
COMPEQ MANUFACTURING (SUZHOU) CO., LTD.	Chairman of the Board Director Director and President Supervisor	Huaton Holdings Ltd. Representative: P.Y. Wu Representative: Andrew Chen Representative: Joseph Chuang Representative: Fan Lu	US$ 11,290,000(Paid-in) 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00%
COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD.	Chairman of the Board Director and President Director Director Director Supervisor Supervisor	Huaton Holdings Ltd. Representative: P.Y. Wu Representative: Roger Yu Representative: P.K. Chiang Representative: P.H. Wu Representative: Victor Lu Representative: Fan Lu Representative: M.P. Chen	960,416,605 0 0 0 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%
	Employee supervisor	Andrew Kuo	0	0.00%
PELICAN COVE INVESTMENT LTD.	Chairman of the Board Director Director Director Director	Compeq Manufacturing Co., Ltd. Representative: P.Y. Wu Representative: P.K. Chiang Representative: P.H. Wu Representative: Victor Lu Representative: Andrew Chen	17,700,000 0 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00% 0.00%
HUANEIN HOLDINGS LTD.	Chairman of the Board Director Director Supervisor	Compeq Manufacturing Co., Ltd. Representative: P.H. Wu Representative: Albert Chen Representative: Mark Chang Representative: Fan Lu	30,000,000 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00%
LITON HOLDINGS LTD.	Chairman of the Board	Compeq Manufacturing Co., Ltd. Representative: Fan Lu	100,000 0	100.00% 0.00%
HONG KONG COMPEQ HUIZHOU TRADING COMPANY LTD.	Director	COMPEQ MANUFACTURING (HUIZHOU) CO., LTD. Representative: Roger Yu	US$ 300,000(Paid-in)	100.00%
COMPEQ MANUFACTURING (CHONGQING)CO., LTD.	Chairman of the Board Director Supervisor President	Huaton Holdings Ltd. Representative: P.K. Chiang Representative: Andrew Chen Representative: P.H. Wu Representative: John Wu	US$ 85,000,000(Paid-in) 0 0 0 0	100.00% 0.00% 0.00% 0.00% 0.00%
HONG KONG HUATON HOLDINGS TRADING COMPANY LIMITED	Director	HUATON HOLDINGS LTD. Representative: P.K. Chiang	US$ 300,000(Paid-in) 0	0.00% 0.00%

HUABO TECHNOLOGY (HUIZHOU) CO.,LTD.	Executive Director and General Manager	COMPEQ MANUFACTURING (HUIZHOU) CO., LTD. Representative: Roger Yu	CNY 289,740,000(Paid-in) 0	100.00% 0.00%
	Supervisor	Representative: Fan Lu	0	0.00%
COMPEQ (Thailand) Co., Ltd.		Compeq Manufacturing Co., Ltd.	THB 1,875,000	100.00%
	Director	Representative: P.K. Chiang	0	0.00%
	Director	Representative: P.Y. Wu	0	0.00%
	Director	Representative: Fan Lu	0	0.00%

8.1.5 The overview of the operations of the affiliates

Unit: NT$ thousands, except EPS (NT$)

Related Parties	Capital	Assets	Liabilities	Net Worth	Revenues	Income (Loss) from Operation	Net Income (Loss)	EPS
COMPEQ MANUFACTURING CO., LTD.	11,918,206	59,205,817	19,953,248	39,252,569	33,848,845	4,053,486	4,168,375	3.50
HUATON HOLDINGS LTD.	7,396,405	28,115,433	551	28,114,882	0	(6,088)	629,058	0.08
COMPEQ MANUFACTURING (HUIZHOU) CO., LTD.	4,518,944	14,879,537	5,724,017	9,155,520	11,761,838	(166,183)	64,440	N/A
COMPEQ MANUFACTURING (SUZHOU) CO., LTD.	396,156	1,891,685	712,683	1,179,002	3,245,051	59,904	43,798	N/A
COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD.	5,551,883	26,928,273	15,641,794	11,286,479	25,997,047	760,987	626,302	0.11
COMPEQ MANUFACTURING (CHONGQING) CO., LTD.	2,308,200	15,961,083	5,828,637	10,132,445	9,957,803	178,145	96,739	N/A
PELICAN COVE INVESTMENT LTD.	543,479	4,388,709	3,635,820	752,889	12,330,568	(43,466)	15,105	0.0278
HUANEIN HOLDINGS LTD.	300,000	358,931	25,301	333,630	50,099	49,815	47,585	1.59
LITON HOLDINGS LTD.	3,071	1,300	32	1,268	0	(134)	(91)	(0.03)
HONG KONG COMPEQ HUIZHOU TRADING COMPANY LTD.	9,212	7,423,117	7,089,529	333,588	24,675,644	115,805	77,608	N/A
HONG KONG HUATON HOLDINGS TRADING COMPANY LIMITED	9,212	7,544	104	7,440	0	(83)	250	N/A
HUABO TECHNOLOGY (HUIZHOU) CO.,LTD.	1,256,182	1,631,138	247,375	1,383,762	188,340	31,234	15,916	N/A
COMPEQ (Thailand) Co., Ltd.	1,690,688	1,691,414	2,004	1,689,409	0	(2,776)	(1,275)	(0.00)

8.1.6 Affiliation Report

REPRESENTATION LETTER

The Companies required to be included in the consolidated financial statements of affiliates in accordance with Compeq Manufacturing Co., Ltd.as of and for the year ended December 31, 2023, under Company Act, the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises，Compeq is not a subsidiary company of other companies, required to prepare the financial statements which must be compiled in accordance with relevant laws and regulations.

Very truly yours,

COMPEQ MANUFACTURING CO., LTD

By

P. K. Chiang

Chairman

March 7, 2024

8.2 Private Placement Securities in the Most Recent year: None

8.3 The Shares of the Company Held or Disposed of by the Subsidiaries in the Most Recent year: None.

8.4 Any Other Special Notes to be specify: None

■ Any events in 2023 and as of the date of this annual report that had significant impacts on shareholders' right or security prices as stated in item 2 paragraph 3 of Article 36 of Securities and Exchange Law of Taiwan: None.

COMPEQ MANUFACTURING CO., LTD.

P. K. Chiang

Chairman

COMPEQ MANUFACTURING CO., LTD.

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