CHIN-POON INDUSTRIAL CO., LTD.

2024 ANNUAL SHAREHOLDERS' MEETING

MINUTES

(Translation)

Time: Tuesday, June 25, 2024 at 9:00 a.m. GMT+8
Venue: No.17, Lane 5, Section 2, Nanshan Road, Luzhu District, Taoyuan City 33852, Taiwan (R.O.C.)

The outstanding shares of the Company: 397,495,420 shares.
Attendance: A total of 223,472,527 shares attended in person and by proxy (including attendance of 86,043,606 shares which has exercised voting rights by electronic means) accounted for 56.22% of the total outstanding shares of the Company.

Chairperson: Tseng-Liu, Yu-Chih, the Chairperson of the Board of Directors
Minutes Taker: Huang, Yu-Chiao
Directors in Attendance:

- Huang, Wei-Jin, Director
- Lin, Pi-Chi, Director
- Tung, Hsiao-Hung, Director
- Lai, Hwei-Shan, Director
- Tseng-Liu, Yu-Chih, Director
- Tseng, Wen-Yu, Director
- Chen, Hsiang-Sheng, Independent Director
- Hsu, Sung-Tsai, Independent Director
- Chen, Shi-Shu, Independent Director

Attendees who were not directors:

- Alan Hwang, CEO
- Rachel Lin, VP
- Jack Lin, VP
- Catherine Hsing, VP
- Victor Wang, CPA
- Tom Hsieh, Lawyer

1. The chairperson called the meeting to order after the number of shares in attendance have constituted a quorum.

2. Chairperson’s Address (omitted)

3. Reports

Report 1 Business Report for 2023 & Business Plan for 2024 (Appendix 1)

Report 2 Audit Committee’s Review Report of 2023 (Appendix 2：audit committee’s review report of 2023；Appendix 3：financial statements of 2023)

Report 3 Report on the Compensation of Employees and the Remuneration of Directors of 2023

1. The decided amount of the Compensation of Employees in cash is NT$ 22,630,973. There are no differences between the amount decided by the Board of Directors and the amount of expense for the compensation accrued in the 2023 financial statements of the Company.
2. The decided amount of the Remuneration of Directors in cash is NT$ 5,280,000. There are no differences between the amount decided by the Board of Directors and the amount of expense for the Remuneration accrued in the 2023 financial statements of the Company.
3. The total amount of expense for the Compensation of Employees and the Remuneration of Directors is NT$ 27,910,973.

4. Proposed Resolutions

Proposal 1

(Proposed by Board of Directors)

Subject: To accept 2023 Business Report and Financial Statements.

Explanation:

1. CHIN-POON's 2023 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by CPA Victor Wang and CPA Charlotte Chao of KPMG, who then issued an Audit Report with an Unqualified Opinion with regard to those financial statements.
2. The aforementioned Financial Statements and 2023 Business Report have been accepted by the Board of Directors and reviewed by the Audit Committee of the Company. (The aforementioned Financial Statements are attached hereto as Appendix I. As to 2023 Business Report, please refer to Report 1.) Please accept the aforementioned Business Report and Financial Statements.

Resolution:

The total number of shares present at the time of voting on this case was 217,622,922.

Voting Results		% of the Shares Present
Votes in favor:	195,927,226 votes (including 64,549,910 votes)	90.03%
Votes against:	78,248 votes (including 78,248 votes)	0.04%
Votes abstained:	21,617,448 votes (including 21,415,448 votes)	9.93%
Votes invalid:	0 votes	0%

Note：Votes in brackets indicated the votes by means of electronic transmission.

The proposal was approved by a majority of voting shares.

Proposal 2

(Proposed by Board of Directors)

Subject: To approve the Proposal for Distribution of 2023 Profits and Retained Earning.

Explanation:

1. The following Profit Allocation Proposal has been approved and proposed by the Board of Directors.

Profit Allocation Proposal

Unit: NT$

Unappropriated Retained Earnings of Previous Years	7,469,324,399
Plus:	
- Net Income of 2023	763,032,349
Less:	
- Remeasurements of Defined Benefit Plans	(33,813,124)
- Adjustments to long-term investment equity	(340,830)
- 10% Legal Reserve	(72,887,840)
- Reversal of the Special Reserve	(142,454,052)
Retained Earnings Available for Distribution as of December 31, 2023	7,982,860,902
Distribution Item:	
- Cash Dividends to Common Share Holders (NT$ 1.25 per share)	496,869,275
Unappropriated Retained Earnings	7,485,991,627

Chairperson **Chief Executive Officer** **Principal Accounting Officer**

2. We have deducted from the profits in 2023 the legal reserve according to

applicable laws. Then it is proposed that each common share holder will be entitled to receive a cash dividend of NT$ 1.25 per share. (The total amount of dividend for each shareholder will be rounded down to an integer. And the fractional amount less than one dollar should be recorded as other income of the Company.)

3.1 The total number of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common share will be adjusted accordingly if the Company subsequently repurchase its common shares, or transfers and retires treasury stocks, or executes conversion of convertible bonds to stocks etc. It is proposed that the Board of Directors be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.

3.2 Upon the Profit Allocation Proposal for the year 2023 having approved in the shareholders' meeting, it is proposed to authorize the Board of Director to set the ex-dividend date and the payment date of cash dividend.

4. Please approve the Proposal for Distribution of 2023 Profits and Retained Earning.

Resolution:

The total number of shares present at the time of voting on this case was 217,622,922.

Voting Results	% of the Shares Present
Votes in favor: 197,830,741 votes (including 66,453,425 votes)	90.91%
Votes against: 97,341 votes (including 97,341 votes)	0.04%
Votes abstained: 19,694,840 votes (including 19,492,840 votes)	9.05%
Votes invalid: 0 votes	0%

Note：Votes in brackets indicated the votes by means of electronic transmission.

The proposal was approved by a majority of voting shares.

5. Deliberation Proposals

Proposal 1

(Proposed by Board of Directors)

Subject: To amend the Articles of Incorporation of the Company.

Explanation:

To meet business need, it is proposed to amend the Articles of Incorporation of the Company. Please refer to the following cross reference table that shows the clauses before and after amendment.

Cross Reference Table

Clause before Amendment	Clause after Amendment	Reason for Amendment
Article 2.2 The total amount of the Company's domestic and foreign business investments may not be subject to the restrictions on the amount of total investment by the Company Act, but shall not exceed <u>twice</u> the amount of paid-in capital.	Article 2.2 The total amount of the Company's domestic and foreign business investments may not be subject to the restrictions on the amount of total investment by the Company Act, but shall not exceed <u>three times</u> the amount of paid-in capital.	To meet business need.
Article 29 These Articles of Association were enacted on Aug. 11, 1979 and amended ------------------------ -- -- <u>and</u> on Jun. 23, 2020 for the thirty-fifth time.	Article 29 These Articles of Association were enacted on Aug. 11, 1979 and amended ------------------------ -- -- on Jun. 23, 2020 for the thirty-fifth time, <u>and on Jun. 25, 2024 for the thirty-sixth time</u>.	To add a new entry in the history of revision.

Resolution:

The total number of shares present at the time of voting on this case was 217,622,922.

Voting Results		% of the Shares Present
Votes in favor:	156,927,893 votes (including 25,550,577 votes)	72.11%
Votes against:	39,287,781 votes (including 39,287,781 votes)	18.05%
Votes abstained:	21,407,248 votes (including 21,205,248 votes)	9.84%
Votes invalid:	0 votes	0%

Note：Votes in brackets indicated the votes by means of electronic transmission.

The proposal was approved by a majority of voting shares.

6. Special Motions

None.

7. Adjournment

The meeting closed at 9:21 a.m. on June 25, 2024.

No shareholder asked any question at this meeting.

Chairperson:

Tseng-Liu, Yu-Chih, the Chairperson of the Board of Directors

Minutes Taker:

Huang, Yu-Chiao

Appendix

Appendix 1

Business Report for 2023 & Business Plan for 2024

Dear Shareholders

We really appreciate your continuous support all these years. We are reporting the following items here so that you can understand more about what we have done, what we are planning to do and what challenges we are facing.

Our Performance in 2023

Our consolidated operating revenue in 2023 was NT$ 16,749,415 thousand and decreased by NT$ 864,913 thousand and by 4.91% from 2022. The main reason for the decrease of revenue was that the Company has been focusing on the automotive business and the global automotive supply chain was still not smooth in the first half of 2023. In early 2023, the supply of automotive components has returned to a normal state, but the production capacity of car manufacturers has not kept pace with it. It was not until the second half of the year that the global automotive supply chain was smooth from upstream to downstream. The setback in the automobile market in the first half of 2023 directly affected the Company's revenue. Our operating income in 2023 was NT$ 822,746 thousand and was increased by NT$ 550,069 thousand compared with that of 2022, a growth of 201.73%. The significant increase in operating income was mainly due to the Company's excellent cost control and the high appreciation of US dollar against Taiwan dollar and against RMB in 2023, which helped us to increase our gross profit as a manufacturer exporter, so that our gross profit in 2023 increased by NT$ 682,455 thousand compared with 2022. Even though the operating expenses in 2023 increased by NT$ 132,386 thousand compared with 2022, the net operating income still increased by NT$ 550,069 thousand, making the profit before tax increased from NT$ 742,683 thousand in 2022 to NT$ 1,151,593 thousand in 2023, an increase of 55.06%. The Company's net income in 2023 was NT$ 763,033 thousand, an increase of NT$ 266,442 thousand and 53.65% compared with 2022, resulting in earnings per share also rising from NT$ 1.25 in 2022 to NT$ 1.92 in 2023.

Operating Results in 2023

Unit: NT$ in thousands

Item \ Amount	2023	2022	Plus or Minus (Amount)	Plus or Minus (%)
Operating Revenue	16,749,415	17,614,328	-864,913	-4.91%
Operating Costs	14,559,833	16,107,201	-1,547,368	-9.61%
Gross Profit	2,189,582	1,507,127	682,455	45.28%
Operating Expenses	1,366,836	1,234,450	132,386	10.72%
Operating Income	822,746	272,677	550,069	201.73%
Non-operating Income and Expenses	328,847	470,006	-141,159	-30.03%
Profit before Tax	1,151,593	742,683	408,910	55.06%
Consolidated Profit	762,753	496,238	266,515	53.71%
Profit, attributable to Owners of Parent Company	763,033	496,591	266,442	53.65%

Our budget achievement of operating revenue and operating costs were 90% and 88% of the 2023 budget targets respectively. In 2023, we expected that the automotive supply chain would become smooth, so we had an optimistic forecast for the growth of our revenue. However, in the first half of 2023, the production capacity of automobile manufacturers did not keep up with the smooth supply of automotive components, causing the growth of automobile PCB to be suppressed, resulting in the Company's operating revenue to deviate from the budget by 10%. We took the market downturn as an opportunity to strengthen our cost control. In addition, US dollar continueed to maintain a high appreciation against Taiwan dollar and against RMB, which helped to improve our gross profit as a manufacturer exporter. As a result, the achievement rate of the gross profit in 2023 still reached 102%, and those of the operating income and of the pre-tax profit also reached 102% and 112%.

Budget Achievement in 2023

Unit: NT$ in thousands

Item \ Amount	Actual Amount	Budget Amount	Achievement Rate (%)
Operating Revenue	16,749,415	18,651,735	90%
Operating Costs	14,559,833	16,507,456	88%
Gross Profit	2,189,582	2,144,279	102%
Operating Expenses	1,366,836	1,338,929	102%
Operating Income	822,746	805,350	102%
Non-operating Income and Expenses	328,847	218,750	150%
Profit before Tax	1,151,593	1,024,100	112%

And our long-term and short-term financial position remained healthy. The debt-to-asset ratio in 2023 was 29%, which improved compared to 30% in 2022. The current ratio and quick ratio in 2023 were 251% and 195%, which was still better than 245% and 175% in 2022. The Company's debt-to-assets ratio, current ratio and quick ratio indicate that the Company has strong financial strength and operational management capabilities.

We have been dedicating significant efforts on R&D for our development in the future. We manage to keep ahead of our competitors in development of new products and new technology. The following was our results of R&D in 2023.

Results of R&D in 2023

A. Development of modified copper inlay process for cost reduction
B. Middle/High current carrying PCB – Heavy copper
C. Partial thermal management PCB – Inlay + blind vias
D. Partial thermal management PCB – Square inlay
E. Partial thermal management PCB – Convex
F. Development of advanced cavity PCB
G. Development of radio frequency PCB
H. Development of high layer count PCB – Telecommunication PCB

I. Development of high-voltage PCB
J. Development of advanced HDI
K. Assisting overseas factories to upgrade the capabilities of MLB & HDI
L. Others

Our Plan for 2024

I. Operating Strategies:

We have been focusing on the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume, which are hugely demanding on more flexible production capability. We also have been facing the challenges of how to deal with the micro-profit era and the fast changes of global economy. We have set the following operating strategies to cope with those challenges and to respond to the changes in the markets and in the environments.

1. The Executives Committee plays a key role of integrating all departments, realigning resources and converging all efforts to fulfill our visions and strategies.
2. Dynamically target the potential products and niche markets to respond to global competitions and rapidly changing markets.
3. Realign all our resources to develop creativity of R&D, to build excellent production capability and to setup effective cost control systems in order to provide value-added products, services and total solutions with innovativeness and cost-competitiveness.
4. Build a cluster of Asian production and service bases which has a center in Taiwan and supporting bases in Mainland China and Thailand.
5. Provide Taiwan’s resources of technology, marketing, and administration to our bases in Mainland China and Thailand in order for them to rapidly upgrade their operating capabilities and to grasp the opportunities in the local markets of Mainland China, Southeast Asia and South Asia.
6. Integrate production processes and managerial resources to strengthen the supportive systems for production and to promote specialization center and sophisticated technical capabilities.
7. Enhance automation and smart production to raise production efficiency, to

improve quality and to reduce costs.

8. Implement total quality control and utilize the Six Sigma methodology to build an edge in competitiveness of stable quality.
9. Continue to upgrade the capabilities of ERP (Enterprise Resource Planning), CIM (Computer integrated manufacturing) and Industrial 4.0, and to participate in government-subsidized Technology Development Programs in order to strengthen our abilities and efficiency of operation and administration and to complete the planning and its implementation of Smart Factory.
10. Build a learning organization and knowledge management system to store, accumulate and share management wisdom among all employees in the Company. Activate a cost control system and an incentive plan to guide resources of knowledge into increasing high value-added activities, reducing activities of low efficiency and of low value, and strengthen our core competitiveness. The cultivation of talents is centered on this knowledge management structure and learning organization in order to reserve enough talents for future challenges.

II. Operational Goals:

Volume of Single-sided:	911,173 M^2 (square meter)
Volume of Double-sided & Multilayer:	3,339,952 M^2 (square meter)

III. Strategies for Marketing and Production:

1. Production Strategies

Grasp the trends of technology and products and continue to improve our costs, quality, speed, flexibility and services.

(1) Enhance the quality systems of ISO-9002、ISO-14001、QS-9000、TL9000、TS 16949 and AS 9100 Aerospace Quality Management System which was acquired in 2020, and utilize the six sigma methodology to achieve the targets of our quality policy.

(2) Upgrade our capabilities of fine line, high density and micro via.

(3) Strengthen our capabilities of HDI (High Density Interconnect) and other high value-added technology.

(4) Continues to expand niche products such as aluminum PCB, Middle/High

current carrying PCB, heavy copper board, etc.

(5) Upgrade automation, enhance our analytic ability for big data of production and enhance smart production. Our vision is to build smart factories.

(6) Build a cluster of Asian production and service bases. Especially, strengthen the manufacturing site in Thailand and capitalize on its double edges on low cost structure and nearness to the biggest automobiles manufacturing site in Southeast Asia.

2. Marketing Strategies

Keep up with market trends.

(1) Actively develop global markets and be a key supplier of global main players in different electronics industries. Simultaneously, increase the pocket share of our customers.

(2) Develop the markets in Mainland China, Southeast Asia, South Asia and other emerging countries.

(3) Build global marketing channels and strengthen global competitiveness.

(4) Build a complete platform of logistics and provide our customers more value-added services.

IV. R&D Plans:

1. Upcoming R&D plans:

- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs
- Development of embedded Cu-inlay for Matrix/Multi-Pixel LED Headlights System
- Development of semi-flex plus PCB for vehicle
- Development of radio frequency PCBs
- Development of cavity PCB for power amplifier
- Development of advanced HDI

- Development of thick Cu Coil PCB for vehicle planar transformer
- Development of HLC PCB for telecommunication
- Development of high-voltage PCB for electric vehicle
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of advanced equipment and intelligent manufacturing at Thai new plant

2. R&D Budget

The total budget for research and development is around NT$ 254,165 thousand.

Our Strategies

1. Continue to expand the niche market of printed circuit board (PCB) used in automobiles, low-orbit satellites and high-end communication and of medium volume PCBs.
2. Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in China and in Thailand in the next 2-3 years. There is still enough space for capacity expansion in our plants in Changshu, China. And we have increased our ownership of our manufacturing site in Thailand to 99.89% in 2023. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.
3. Strengthen R&D of niche products to avoid shrinking of profit margins owing to excessive competition in the industry.
4. Enhance automation and smart production to improve quality and to enhance production flexibility.

Challenges

Taiwan's PCB industry has been developing for more than 30 years and has built a complete supply chain and industrial clusters. Taiwan's PCB makers have an edge on yield, quality, price, speed and service over global competitors and have a great share of global demand of PCB for automotive electronics, telecommunication, information technology and consumers' electronics. According to the statistics of TPCA and IEK, total revenue of Taiwan's PCB makers in 2023 was NT$ 769.8 billion and decreased by 16.7%.

The global economic in 2023 bore the impacts of continued high inflation and high interest rates, of geopolitical crises such as the Russia-Ukraine war, the Israeli-Palestinian war and the Red Sea blockade, and of China's economic slowdown, etc., resulting in the International Monetary Fund (IMF) revising down the global economic growth rate from its original estimate of 3.4% to 3.0%. Compared with that of 3.5% in 2022, it is a significant decline. However, although global economic growth has slowed down, it still maintained growth, so exporters were able to weather 2023 smoothly.

Looking forward to 2024, the IMF predicts that the global economic growth rate will only reach 3.1%, mainly because central banks in Europe and the United States still need to maintain high interest rates to combat inflation, and governments are heavily in debt and can no longer provide fiscal support for economic growth, resulting in limited economic momentum. There are several complications that have negative potential impact on the global economy. Geopolitical shocks, including the ongoing attack in the Red Sea, may cause commodity prices to surge further. The difficulties which China's real estate industry will face may continue to intensify. A lot of governments have to adopt damaging tax increases and spending cuts. And the U.S.-China technology war and trade war may escalate further and fragment the global trade. Amid these risks, economic growth could be weaker than expected. Under the negative impact of high interest rates and geopolitical risks, it is expected that the global economy will be able to maintain growth this year, but be full of high uncertainties at the same times.

According to the forecast of IEK, total revenue of Taiwan's PCB makers in 2024 is expected to be NT$ 818.2 billion, with a growth rate of approximately 6.3%. Growth is expected to resume in 2024, compared with the decline of 16.7% in 2023. Taiwan's PCB makers have always beaten the market and got a bigger share even in global adverse economic situations. They are competitive in the aspects of cost and manufacturing sites so they will remain profitable in the future of expanding electronics industries.

Our production bases are located in Taiwan, China and Thailand. The local laws and regulations in different countries have been changed from time to time. The Company is based on the principle of legal business and complies with local laws and regulations. Moreover, in recent years, the Taiwan authorities have gradually improved the relevant laws and regulations on corporate governance and social responsibility. The Company has complied with the changes in laws and regulations, gradually completed the establishment of corporate governance systems, and fulfilled corporate social responsibilities in order to balance the Company's shareholders' equity and the interests of all interested parties.

Looking back on the past year, the world is full of changes and challenges. Uncertain factors such as repeated epidemics, fluctuations in international economic and trade, and supply chain disruptions have been testing the adaptability and resilience of an enterprises. And the impact of extreme weather caused by climate change is becoming more and more obvious. For the survival of human beings in the long run, many countries are accelerating to take more proactive actions and thinking about what should be done to maintain the sustainable development of the human society. We have been adhering to a core concept to lead the Company, which is "be good together". That an enterprise can maintain good performance, operation and profitability is the basic task that it must achieve. But it is not enough for it to keep thriving. Its shareholders and employees must be able to benefit from the results it has created, and what it has done must make our society and the environment better. Only when all stakeholders can “be good together”, we will be able to maintain a beautiful and long-term future for all of us. This is our fundamental belief of leading an enterprise.

In the past, we have accumulated strength of R&D and manufacturing to create good business results in the global automotive PCB market and to establish the Company's sound operational capabilities and strong financial position. As the world is facing the challenges of severe climate change, we are going to make use of our excellent ability, follow the international trend of carbon reduction, make comprehensive re-alignments in all aspects. At the same time, we will continue to improve the efficiency of energy, material and water resources in our environmental protection strategy. In addition, we will encourage suppliers to participate and builds a resilient and sustainable supply chain to extend the positive influence beyond our reach.

We adhere to the spirit of "be good together" and care about ESG issues. In addition to enhancing R&D, manufacturing and management to drive the improvement of overall productivity, we also actively expand more positive influence with a view to contribute to the comprehensive sustainable development of our society. We have weathered 44 years. The past difficulties have tempered our confidence and strength to face challenges. In the future, we will continue to work hard to simultaneously achieve the dual goals which are to maintain a going concern and to support the sustainable development of the environment and the society.

Taiwan PCB industry are facing many challenges and rapidly changing external environments which have a great impact on Taiwan's PCB industry. In 2024, the global economy is expected to maintain a positive growth with slow momentum. Chin-poon has aligned our strategy to enhance our edge on globalization, niche products, high-quality services, key technology, innovation of processing, stable product quality, integrated logistics platform, competitive cost control and advanced knowledge management to achieve our business goals.

In addition, the Company recognizes the advent of the era of smart manufacturing and knowledge management. We continually cultivate talents, appreciate valuable human resources, and has got certain progress and achievements in system management and organizational learning. We also aggressively implement ERP and CIM systems, Six Sigma, intelligent manufacturing and various projects in order to enable the Company's internal resources to be used most effectively and its production efficiency to be significantly improved. In the future, we will adopt a more active strategy in the expansion of our manufacturing sites in Asia to grasp the business opportunities provided by the growth of electronic industries around the world.

Thanks to the efforts and dedication of all employees, the Company has achieved a certain level of profitability over the past year even in the face of growth pressure caused by disruption of automotive supply chain. We expect the competition in the future will be still extremely intensive. We are going to continue improving our core competitiveness to enhance our performance so that we can keep enhancing shareholders' equity.

Sincerely yours,

Chairperson Chief Executive Officer Principal Accounting Officer

Appendix 2

Audit Committee’s Review Report of 2023

CHIN-POON INDUSTRIAL CO., LTD.

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2023 Business Report, Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company’s Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

CHIN-POON INDUSTRIAL CO., LTD.

Chairperson of the Audit Committee: Mr. CHEN, HSIANG-SHENG

February 29, 2024

Appendix 3

2023 Audit Report of Independent Auditors and Financial Statements

1. Independent Auditors’ Report And 2023 Consolidated Financial Statements
2. Independent Auditors’ Report And 2023 Parent Company Only Financial Statements

Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: **No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County, Taoyuan City, Taiwan, R.O.C.**

Telephone: **(03)322-2226**

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Representation Letter

The entities that are required to be included in the combined financial statements of Chin-Poon Industrial 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 International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chin-Poon Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chin-Poon Industrial Co., Ltd.

Chairman: Zeng , Liu-Yuzhi

Date: February 29, 2024

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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Chin-Poon Industrial Co., Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Consolidated Company"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Consolidated 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 of 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.

1. Subsequent measurements of inventories

   Please refer to note 4(h), note 5(a) and note 6(g) for the related disclosures on subsequent measurements of inventories of the consolidated financial statements.

Description of key audit matter:

The inventories of the Consolidated Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents of inventory subsequent measurements and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(p) for the related disclosures on the refund liabilities for sales returns and discounts of the consolidated financial statements.

Description of key audit matter:

The Consolidated Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Other Matter

The Company has prepared its parent company only financial statements 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 Consolidated 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 Consolidated 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 Consolidated 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 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 Consolidated 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 Consolidated 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 Consolidated 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yung-Sheng Wang and Min-Ju Chao.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the Consolidated financial position, financial performance and 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 such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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 independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

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

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 4,501,650	20	3,366,817	15
1110	Financial assets measured at fair value through profit and loss－current (note 6(b))	1,887,183	9	1,854,274	8
1150	Notes receivable, net (notes 6(e) and (p))	20,437	-	11,013	-
1170	Accounts receivable, net (notes 6(e) and (p))	3,747,184	17	3,865,643	17
1200	Other receivables (note 6(f))	58,234	-	94,961	-
130x	Inventoriess (notes 6(g) and 9)	3,202,096	14	4,010,478	18
1410	Prepayments	81,423	-	79,273	-
1476	Other financial assets－current (note 6(d))	1,073,821	5	894,330	4
1479	Other current assets	97,660	-	99,145	1
	Total current assets	14,669,688	65	14,275,934	63
15xx	Non-current assets:				
1536	Non-current financial assets at amortised cost (note 6(c))	299,143	1	-	-
1600	Property, plant and equipment (notes 6(h), 7, 8 and 9)	5,918,636	26	6,721,425	30
1755	Right-of-use assets (note 6(i))	238,407	1	246,101	1
1840	Deferred tax assets (note 6(m))	252,515	1	216,288	1
1915	Prepayments for equipment (note 9)	-	-	3,711	-
1975	Net defined benefit asset－non-current (note 6(l))	99,126	-	127,150	1
1980	Other financial assets－non-current (note 4(d))	1,264,026	6	991,085	4
	Total non-current assets	8,071,853	35	8,305,760	37
1xxx	**Total assets**	**$ 22,741,541**	**100**	**22,581,694**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(j), 8 and 9)	$ 1,044,344	5	802,558	3
2120	Financial liabilities at fair value through profit or loss－current (note 6(b))	-	-	3,821	-
2150	Notes payable	647,942	3	639,031	3
2170	Accounts payable	1,726,070	8	1,999,077	9
2219	Other payables (note 6(q))	1,117,289	5	1,168,951	5
2230	Current tax liabilities	325,085	1	146,082	1
2280	Current lease liabilities (note 6(k))	50,316	-	40,875	-
2399	Other current liabilities (note 6(p))	942,831	4	1,020,287	5
	Total current liabilities	5,853,877	26	5,820,682	26
25xx	**Non-Current liabilities:**				
2570	Deferred tax liabilities (note 6(m))	566,153	2	707,303	3
2580	Non-current lease liabilities (note 6(k))	153,772	1	170,000	1
2630	Long-term deferred revenue	32,166	-	-	-
2640	Net defined benefit liability－non-current (note 6(l))	33,116	-	30,219	-
	Total non-current liabilities	785,207	3	907,522	4
2xxx	**Total liabilities**	6,639,084	29	6,728,204	30
31xx	**Equity attributable to shareholders of the parent (note 6(n)):**				
3110	Common stock	3,974,954	18	3,974,954	17
3200	Capital surplus	1,580,484	7	1,580,137	7
3300	Retained earnings:				
3310	Legal reserve	2,490,821	11	2,439,494	11
3320	Special reserve	304,879	1	571,745	2
3350	Unappropriated earnings	8,198,202	36	7,591,656	34
		10,993,902	48	10,602,895	47
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(447,333)	(2)	(304,879)	(1)
31xx	**Total equity attributable to shareholders of the company**	16,102,007	71	15,853,107	70
36xx	**Non-controlling interests**	450	-	383	-
3xxx	**Total equity**	16,102,457	71	15,853,490	70
2-3xxx	**Total liabilities and equity**	**$ 22,741,541**	**100**	**22,581,694**	**100**

See accompanying notes to the consolidated financial statements.

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

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		2023 Amount	%	2022 Amount	%
4000	**Operating revenue (note 6(p))**	$ 16,749,415	100	17,614,328	100
5000	**Operating costs (notes 6(g), (l) and 7)**	14,559,833	87	16,107,201	91
5900	**Gross profit**	2,189,582	13	1,507,127	9
6000	**Operating expenses (notes 6(e), (l), (q) and 7):**				
6100	Selling expenses	369,503	2	448,420	3
6200	Administrative expenses	532,937	3	464,031	3
6300	Research and development expenses	330,006	2	322,180	2
6450	Expected credit losses (reversal of expected credit losses)	134,390	1	(181)	-
	Total operating expenses	1,366,836	8	1,234,450	8
6900	**Operating income**	822,746	5	272,677	1
7000	**Non-operating income and expenses (notes 6(b), (k) and (r)):**				
7100	Interest income	163,789	1	98,772	1
7010	Other income	196,260	1	152,251	1
7020	Other gains and losses	26,761	-	247,310	1
7050	Finance costs	(57,963)	-	(28,327)	-
	Total non-operating income and expenses	328,847	2	470,006	3
7900	**Income before income tax**	1,151,593	7	742,683	4
7950	**Less: Income tax expenses (note 6(m))**	388,840	2	246,445	1
	Net income	762,753	5	496,238	3
8300	**Other comprehensive income (loss) (note 6(n)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(42,673)	-	20,801	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(8,518)	-	4,128	-
	Total items that will not be reclassified subsequently to profit or loss	(34,155)	-	16,673	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	(142,358)	(1)	267,051	1
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	(142,358)	(1)	267,051	1
8300	**Other comprehensive income (loss), net of tax**	(176,513)	(1)	283,724	1
8500	**Total comprehensive income**	**$ 586,240**	**4**	**779,962**	**4**
8600	**Net income (loss) attributable to:**				
8610	Shareholders of the Company	$ 763,033	5	496,591	3
8620	Non-controlling interests	(280)	-	(353)	-
		$ 762,753	**5**	**496,238**	**3**
8700	**Total comprehensive income attributable to:**				
8710	Shareholders of the Company	$ 586,424	4	780,130	4
8720	Non-controlling interests	(184)	-	(168)	-
		$ 586,240	**4**	**779,962**	**4**
	Basic earnings per share(expressed in New Taiwan dollars) (note 6(o))				
9750	Basic earnings per share	**$ 1.92**		**1.25**	
9850	Diluted earnings per share	**$ 1.92**		**1.25**	

See accompanying notes to the consolidated financial statements.

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

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the Company									
			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences for foreign operations	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 3,974,954	1,579,698	2,409,315	434,369	7,444,695	10,288,379	(571,745)	15,271,286	551	15,271,837
Appropriation and distribution:										
Legal reserve	-	-	30,179	-	(30,179)	-	-	-	-	-
Special reserve	-	-	-	137,376	(137,376)	-	-	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)	-	(198,748)
Other changes in capital surplus:										
Net income (loss) for the year	-	-	-	-	496,591	496,591	-	496,591	(353)	496,238
Other comprehensive income for the year	-	-	-	-	16,673	16,673	266,866	283,539	185	283,724
Total comprehensive income (loss) for the year	-	-	-	-	513,264	513,264	266,866	780,130	(168)	779,962
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	439	-	-	-	-	-	439	-	439
Balance at December 31, 2022	3,974,954	1,580,137	2,439,494	571,745	7,591,656	10,602,895	(304,879)	15,853,107	383	15,853,490
Appropriation and distribution:										
Legal reserve	-	-	51,327	-	(51,327)	-	-	-	-	-
Cash dividends	-	-	-	-	(337,871)	(337,871)	-	(337,871)	-	(337,871)
Reversal of special reserve	-	-	-	(266,866)	266,866	-	-	-	-	-
Net income (loss) for the year	-	-	-	-	763,033	763,033	-	763,033	(280)	762,753
Other comprehensive income (loss) for the year	-	-	-	-	(34,155)	(34,155)	(142,454)	(176,609)	96	(176,513)
Total comprehensive income (loss) for the year	-	-	-	-	728,878	728,878	(142,454)	586,424	(184)	586,240
Changes in non-controlling interests	-	(45)	-	-	-	-	-	(45)	251	206
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	392	-	-	-	-	-	392	-	392
Balance at December 31, 2023	$ 3,974,954	1,580,484	2,490,821	304,879	8,198,202	10,993,902	(447,333)	16,102,007	450	16,102,457

See accompanying notes to the consolidated financial statements.

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

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		2023	2022
Cash flows from operating activities:			
Income before tax	$	1,151,593	742,683
Adjustments:			
Adjustments to reconcile profit and loss			
Depreciation expenses		1,044,452	1,131,509
Expected credit losses (reversal of expected credit losses)		134,390	(181)
Net gains on financial assets measured at fair value through profit or loss		(25,398)	(6,722)
Interest expense		57,963	28,327
Interest income		(163,789)	(98,772)
Losses on disposal of property, plant and equipment		1,621	7,008
Unrealized losses (gains) on foreign exchange		23,076	(3,017)
Gain on lease modification		-	(92)
Total adjustments to reconcile profit and loss		1,072,315	1,058,060
Changes in operating assets and liabilities relating:			
Net changes in operating assets:			
Notes receivable		(9,781)	(6,619)
Accounts receivable		(88,615)	385,487
Other receivables		37,519	43,408
Inventories		793,951	290,969
Prepayments		(2,429)	(17,118)
Other current assets		(4,341)	119,634
Total net changes in operating assets		726,304	815,761
Net changes in operating liabilities:			
Notes payable		8,911	(178,363)
Accounts payable		(258,444)	(483,443)
Other payable		(51,540)	(23,262)
Other current liabilities		(10,782)	54,357
Net defined benefit liability		(11,952)	(14,508)
Total net changes in operating liabilities		(323,807)	(645,219)
Total net changes in operating assets and liabilities		402,497	170,542
Total adjustments		1,474,812	1,228,602
Cash inflow generated from operations		2,626,405	1,971,285
Interest income received		199,055	173,137
Interest paid		(51,497)	(23,822)
Income tax paid		(378,627)	(16,408)
Net cash flows from operating activities		2,395,336	2,104,192
Cash flows from (used in) investing activities:			
Acquisition of financial assets at amortised cost		(303,996)	-
Acquisition of financial assets measured at fair value through profit or loss		(1,350,000)	(2,300,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss		1,341,317	450,000
Acquisition of property, plant and equipment		(286,892)	(435,789)
Proceeds from disposal of property, plant and equipment		1,029	6,581
Decrease (increase) in other financial assets－non-current		(527,605)	515,445
Increase in prepayments for equipment		-	(3,799)
Net cash used in investing activities		(1,126,147)	(1,767,562)
Cash flows from (used in) financing activities:			
Increase in short-term loans		2,462,093	2,213,980
Decrease in short-term loans		(2,199,835)	(2,765,959)
Payment of lease liabilities		(49,268)	(55,916)
Cash dividends paid		(337,871)	(198,748)
Change in non-controlling interests		206	-
Increase in long-term deferred revenue		32,166	-
Net cash flows used in financing activities		(92,509)	(806,643)
Effect of exchange rate changes on cash and cash equivalents		(41,847)	12,530
Net increase (decrease) in cash and cash equivalents		1,134,833	(457,483)
Cash and cash equivalents at beginning of period		3,366,817	3,824,300
Cash and cash equivalents at end of period	$	**4,501,650**	**3,366,817**

See accompanying notes to the consolidated financial statements.

Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: **No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County, Taoyuan City, Taiwan, R.O.C.**

Telephone: **(03)3222226**

The independent 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 independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the financial statements of Chin-Poon Industrial Co., Ltd.("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 of 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.

1. Subsequent measurements of inventories

   Please refer to note 4(g), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the parent company only financial statements.

Description of key audit matter:

The inventories of the Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents on inventory subsequent measurements, and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

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Please refer to note 4(l), note 5(b) and note 6(q) for the related disclosures on the refund liabilities for sales returns and discounts of the parent company only financial statements.

Description of key audit matter:

The Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

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 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 investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wang, Yung-Sheng and Chao, Min-Ju.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and 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 such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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 independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Financial Position

December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 1,828,818	8	1,686,677	8
1110	Financial assets measured at fair value through profit and loss－current (note 6(b))	1,887,183	9	1,854,274	8
1170	Accounts receivable, net (notes 6(d) and (q))	2,745,111	13	2,738,200	13
1180	Accounts receivable－related parties, net (notes 6(d), (q) and 7)	827	-	3,812	-
1200	Other receivables (note 6(e))	36,413	-	34,980	-
1210	Other receivables－related parties (notes 6(e) and 7)	2,636	-	64,765	-
130x	Inventories (notes 6(f) and 9)	2,049,493	10	2,507,335	12
1410	Prepayments	48,343	-	42,588	-
1476	Other financial assets－current (note 6(c))	94,928	-	159,985	1
1479	Other current assets	46,562	-	41,981	-
	Total current assets	8,740,314	40	9,134,597	42
15xx	**Non-current assets:**				
1550	Investments accounted for under equity method (notes 6(g) and (h))	9,627,701	44	8,519,393	39
1600	Property, plant and equipment (notes 6(i), 7 and 9)	2,984,816	14	3,342,955	15
1755	Right-of-use assets (note 6(j))	190,739	1	196,058	1
1840	Deferred tax assets (note 6(n))	167,407	1	148,664	1
1915	Prepayments for equipment (note 9)	-	-	994	-
1975	Net defined benefit asset－non-current (note 6(m))	99,126	-	127,150	1
1980	Other financial assets－non-current (note 6(c))	9,285	-	128,540	1
	Total non-current assets	13,079,074	60	12,463,754	58
1xxx	**Total assets**	**$ 21,819,388**	**100**	**21,598,351**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(k) and 9)	$ 1,044,344	5	802,558	4
2150	Notes payable	647,942	3	639,031	3
2170	Accounts payable	753,783	3	722,913	3
2180	Accounts payable－related parties (note 7)	816,961	4	1,074,706	5
2200	Other payables (notes 6(m), (r) and 7)	833,361	4	817,349	4
2230	Current tax liabilities	260,955	1	124,205	1
2280	Current lease liabilities (note 6(l))	50,316	-	40,875	-
2399	Other current liabilities (note 6(q))	592,112	3	658,469	3
	Total current liabilities	4,999,774	23	4,880,106	23
25xx	**Non-Current liabilities:**				
2570	Deferred tax liabilities (note 6(n))	563,835	2	695,138	3
2580	Non-current lease liabilities (note 6(l))	153,772	1	170,000	1
	Total non-current liabilities	717,607	3	865,138	4
2xxx	**Total liabilities**	5,717,381	26	5,745,244	27
31xx	**Equity (notes 6(h) and (o)):**				
3110	Common stock	3,974,954	18	3,974,954	18
3200	Capital surplus	1,580,484	7	1,580,137	7
3300	Retained earnings:				
3310	Legal reserve	2,490,821	12	2,439,494	11
3320	Special reserve	304,879	1	571,745	3
3350	Unappropriated earnings	8,198,202	38	7,591,656	35
		10,993,902	51	10,602,895	49
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(447,333)	(2)	(304,879)	(1)
3xxx	**Total equity**	16,102,007	74	15,853,107	73
2-3xxx	**Total liabilities and equity**	**$ 21,819,388**	**100**	**21,598,351**	**100**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 13,075,648	100	13,611,301	100
5000	**Operating costs (notes 6(f), (m) and 7)**	11,976,791	92	12,764,405	94
5900	**Gross profit**	1,098,857	8	846,896	6
6000	**Operating expenses (notes 6(d), (e), (m), (r) and 7):**				
6100	Selling expenses	236,928	2	274,190	2
6200	Administrative expenses	329,408	2	294,760	2
6300	Research and development expenses	86,567	1	62,258	-
6450	Expected credit losses (reversal of expected credit losses)	123,205	1	(3,979)	-
	Total operating expenses	776,108	6	627,229	4
6900	**Operating income (loss)**	322,749	2	219,667	2
7000	**Non-operating income and expenses (notes 6(i), (l), (s) and 7):**				
7100	Interest income	40,880	-	21,396	-
7010	Other income	156,131	1	125,952	1
7020	Other gains and losses	10,452	-	219,144	2
7050	Finance costs	(54,729)	-	(23,597)	-
7070	Share of profit from the subsidiaries, the associates and the joint ventures	531,939	5	185,547	1
	Total non-operating income and expenses	684,673	6	528,442	4
7900	**Income before income tax**	1,007,422	8	748,109	6
7950	**Less: Income tax expenses (note 6(n))**	244,389	2	251,518	2
	Net income	763,033	6	496,591	4
8300	**Other comprehensive income (notes 6(m) and (n)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(42,266)	-	19,027	-
8330	Share of other comprehensive gains of subsidiaries, associates, and joint ventures accounted for under equity method	(342)	-	1,451	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(8,453)	-	3,805	-
	Total items that will not be reclassified subsequently to profit or loss	(34,155)	-	16,673	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	(142,454)	(1)	266,866	2
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	(142,454)	(1)	266,866	2
8300	**Other comprehensive income (loss), net of tax**	(176,609)	(1)	283,539	2
8500	**Total comprehensive income**	**$ 586,424**	**5**	**780,130**	**6**
	Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	Basic earnings per share	**$ 1.92**		**1.25**	
9850	Diluted earnings per share	**$ 1.92**		**1.25**	

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

			Retained earnings				Other equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences for foreign operations	Total equity
Balance at January 1, 2022	$ 3,974,954	1,579,698	2,409,315	434,369	7,444,695	10,288,379	(571,745)	15,271,286
Appropriation and distribution:								
Legal reserve	-	-	30,179	-	(30,179)	-	-	-
Special reserve	-	-	-	137,376	(137,376)	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	496,591	496,591	-	496,591
Other comprehensive income for the year	-	-	-	-	16,673	16,673	266,866	283,539
Total comprehensive income for the year	-	-	-	-	513,264	513,264	266,866	780,130
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	439	-	-	-	-	-	439
Balance at December 31, 2022	3,974,954	1,580,137	2,439,494	571,745	7,591,656	10,602,895	(304,879)	15,853,107
Appropriation and distribution:								
Legal reserve	-	-	51,327	-	(51,327)	-	-	-
Cash dividends	-	-	-	-	(337,871)	(337,871)	-	(337,871)
Reversal of special reserve	-	-	-	(266,866)	266,866	-	-	-
Net income for the year	-	-	-	-	763,033	763,033	-	763,033
Other comprehensive income for the year	-	-	-	-	(34,155)	(34,155)	(142,454)	(176,609)
Total comprehensive income for the year	-	-	-	-	728,878	728,878	(142,454)	586,424
Changes in ownership interests in subsidiaries	-	(45)	-	-	-	-	-	(45)
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	392	-	-	-	-	-	392
Balance at December 31, 2023	**$ 3,974,954**	**1,580,484**	**2,490,821**	**304,879**	**8,198,202**	**10,993,902**	**(447,333)**	**16,102,007**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from operating activities:		
Income before tax	$ 1,007,422	748,109
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	547,981	607,884
Expected credit losses (reversal of expected credit losses)	123,205	(3,979)
Net gains on financial assets measured at fair value through profit or loss	(24,226)	(4,274)
Interest expense	54,729	23,597
Interest income	(40,880)	(21,396)
Share of profits of subidiaries, associates and joint ventures accounts for under equity method	(531,939)	(185,547)
Losses on disposal of property, plant and equipment	314	1,288
Unrealized losses (gains) on foreign exchange	29,956	(7,789)
Gain on lease modification	-	(92)
Total adjustments to reconcile profit and loss	159,140	409,692
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Accounts receivable	(197,306)	279,898
Accounts receivable－related parties	2,985	5,636
Other receivables	(2,224)	53,632
Other receivables－related parties	62,129	(63,412)
Inventories	457,842	119,128
Prepayments	(5,755)	(5,110)
Other current assets	(4,581)	12,514
Net defined benefit asset	(14,242)	(12,197)
Total net changes in operating assets	298,848	390,089
Net changes in operating liabilities:		
Notes payable	8,911	(178,363)
Accounts payable	36,823	(282,540)
Accounts payable－related parties	(247,235)	100,341
Other payable	64,343	(21,336)
Other current liabilities	(65,175)	(16,923)
Total net changes in operating liabilities	(202,333)	(398,821)
Total net changes in operating assets and liabilities	96,515	(8,732)
Total adjustments	255,655	400,960
Cash inflow generated from operations	1,263,077	1,149,069
Interest income received	41,426	21,329
Interest paid	(48,263)	(18,601)
Income tax paid	(249,232)	(31,086)
Net cash flows from operating activities	1,007,008	1,120,711
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	(1,350,000)	(2,300,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss	1,341,317	450,000
Acquisition of investments accounted for under equity method	(1,988,012)	-
Acquisition of property, plant and equipment	(196,955)	(266,167)
Proceeds from disposal of property, plant and equipment	347	2,965
Decrease in other financial assets－non-current	184,515	118,265
Increase in prepayments for equipment	-	(994)
Dividend received	1,268,802	-
Net cash flows used in investing activities	(739,986)	(1,995,931)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,271,899	1,901,671
Decrease in short-term loans	(2,009,641)	(2,194,470)
Payment of lease liabilities	(49,268)	(55,916)
Cash dividends paid	(337,871)	(198,748)
Net cash flows used in financing activities	(124,881)	(547,463)
Net increase (decrease) in cash and cash equivalents	142,141	(1,422,683)
Cash and cash equivalents at beginning of period	1,686,677	3,109,360
Cash and cash equivalents at end of period	$ **1,828,818**	**1,686,677**

See accompanying notes to the parent company only financial statements.