

Ticker Symbol: 3276

T-FLEX TECHVEST PCB CO., LTD.

**PARENT COMPANY ONLY
FINANCIAL STATEMENTS
With Independent Auditor's Report**

For the Years Ended December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors and Shareholders of T-Flex Techvest PCB Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of T-Flex Techvest PCB Co., Ltd. (“the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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 following the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's 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 under 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Timing of income recognition

Please refer to Parent Company Only Financial Report Note 4 (10) Income Recognition for information on accounting policy for income. Please refer to Parent Company Only Financial Report Note 6 (12) Income Recognition for information on the income.

Description of Key Audit Matters:

T-Flex Techvest PCB Co., Ltd. is a TPEX listed company, and its sales revenue is a key indicator for investors and the management to evaluate financial or business performance. Since the accuracy of the timing of revenue recognition has material impact on the financial statements, the examination on the timing of revenue recognition is considered as a key audit matter to our audit on the Parent Company Only Financial Report of T-Flex Techvest PCB Co., Ltd.

Corresponding Audit Procedures:

The main audit procedure adopted by us on the aforementioned key audit matter includes the examination of the effectiveness of the internal control on the sales and payment collection operation cycle and the examination of the sub-items, understanding of T-Flex Techvest PCB Co., Ltd. revenue recognition accounting process and evaluation on whether relevant rules and requirements are complied, selection of sales transaction samples at a certain period before and after the financial report date, and verification of relevant documents and certificates, in order to assess the accuracy of the revenue recognition timing. In addition, the status of any major sales return after the period is also understood.

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 following 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 a going concern, and using the going concern's basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit under the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Approval No.: JIN-GUAN-ZHENG-SHEN-ZI
No. 1000011652
JIN-GUAN-ZHENG-6-ZI
No.0940100754

March 27, 2024

Note to Readers

The accompanying parent company only financial statements are intended only to present the statement of 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' 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.

T-FLEX TECHVEST PCB CO., LTD.
Parent Company Only Balance Sheets
For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 45,850	5	14,588	2	2100	Short-term debts (Note 6(6))	\$ 59,000	6	30,000	4
1170	Accounts receivable, net (Note 6(3)and(13))	38,499	4	26,464	3	2180	Accounts payable to related parties (Note 7)	65,032	7	16,926	2
1470	Other current assets (Note 8)	279	-	271	-	2200	Other payables	6,586	1	8,657	1
		<u>84,628</u>	<u>9</u>	<u>41,323</u>	<u>5</u>	2399	Other current liabilities (Note 6(7))	<u>1,600</u>	<u>-</u>	<u>169</u>	<u>-</u>
							Total liabilities	<u>132,218</u>	<u>14</u>	<u>55,752</u>	<u>7</u>
Non-current assets:											
1517	Non-current financial assets at fair value through other comprehensive income(Note 6(2))	4,150	1	4,683	1						
1550	Investment accounted for using equity method (Note 6(5))	<u>841,148</u>	<u>90</u>	<u>801,242</u>	<u>94</u>						
		845,298	91	805,925	95						
							Equity: (Note 6(10))				
						3110	Ordinary shares	697,127	75	697,127	82
						3200	Capital surplus	28,787	3	28,787	4
						3310	Legal reserve	24,812	3	18,537	2
						3320	Special reserve	26,480	3	26,212	3
						3350	Unappropriated retained earnings(accumulated deficit)	75,172	8	63,021	7
							Others:				
						3410	Exchange differences on translation of foreign financial statements	(38,159)	(4)	(26,210)	(3)
						3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	<u>(16,511)</u>	<u>(2)</u>	<u>(15,978)</u>	<u>(2)</u>
							Total equity	<u>797,708</u>	<u>86</u>	<u>791,496</u>	<u>93</u>
Total assets		<u>\$ 929,926</u>	<u>100</u>	<u>847,248</u>	<u>100</u>		Total liabilities and equity	<u>\$ 929,926</u>	<u>100</u>	<u>\$ 847,248</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

T-FLEX TECHVEST PCB CO., LTD.
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(12))	\$ 96,035	100	118,704	100
5000	Operating costs (Note 6(4)and7)	86,172	90	107,957	91
	Gross Profit	9,863	10	10,747	9
	Operating expenses:				
6100	Selling expenses	440	-	3,593	3
6200	Administrative expenses	11,125	12	12,112	10
6450	Expected credit loss	(3,867)	(4)	3,614	3
	Total operating expenses	7,698	8	19,319	16
	Net operating income	2,165	2	(8,572)	(7)
	Non-operating income and expenses: (Note 6(14))				
7100	Interest revenue	1,226	1	145	-
7010	Other income	22	-	20	-
7020	Other gains and losses	1,036	1	2,977	3
7050	Finance costs	(1,072)	(1)	(311)	-
7070	Share of profit (losses) of subsidiaries, associates and joint ventures accounted for using equity method	52,519	55	66,074	55
	Total non-operating income and expenses	53,731	56	68,905	58
	Income before income tax	55,896	58	60,333	51
7950	Less: Income tax expense(or benefit) (Note 6(9))	1,081	1	(60)	-
	Net income	54,815	57	60,393	51
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified into profit or loss				
8316	Unrealised gains (losses) from investments in equity instruments.	(533)	(1)	(900)	(1)
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method that will not be reclassified into profit or loss	(1,265)	(1)	2,361	2
8349	Less: Income tax related to items that will not be reclassified	-	-	-	-
	Total	(1,798)	(2)	1,461	1
8360	Items that may be reclassified subsequently into profit or loss				
8361	Exchange differences on translation of foreign financial statements	(11,949)	(12)	7,794	7
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total	(11,949)	(12)	7,794	7
8300	Other comprehensive income (loss), net of income tax	(13,747)	(14)	9,255	8
8500	Total comprehensive income (loss)	\$ 41,068	43	69,648	59
	Basic earnings per share (NTD) (Note 6(11))				
9750	Basic earnings per share (Unit: NTD)	\$ 0.79		0.87	
9850	Diluted earnings per share (Unit: NTD)	\$ 0.78		0.86	

See accompanying notes to parent company only financial statements.

T-FLEX TECHVEST PCB CO., LTD.
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Others		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences in translation of foreign financial statements	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2022	\$ 697,127	28,787	15,409	26,212	31,280	(34,004)	(15,078)	749,733	
Net income in 2022	-	-	-	-	60,393	-	-	60,393	
Other comprehensive income (loss) in 2022	-	-	-	-	2,361	7,794	(900)	9,255	
Total comprehensive income (loss) in 2022	-	-	-	-	62,754	7,794	(900)	69,648	
Appropriation and distribution of retained earnings:									
Legal reserve			3,128		(3,128)				
Cash dividends on ordinary shares	-	-	-	-	(27,885)	-	-	(27,885)	
Balance on December 31, 2022	697,127	28,787	18,537	26,212	63,021	(26,210)	(15,978)	791,496	
Net income in 2023	-	-	-	-	54,815	-	-	54,815	
Other comprehensive income (loss) in 2023	-	-	-	-	(1,265)	(11,949)	(533)	(13,747)	
Total comprehensive income (loss) in 2023	-	-	-	-	53,550	(11,949)	(533)	41,068	
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	6,275	-	(6,275)	-	-	-	
Special reserve				268	(268)				
Cash dividends on ordinary shares	-	-	-	-	(34,856)	-	-	(34,856)	
Balance on December 31, 2023	\$ 697,127	28,787	24,812	26,480	75,172	(38,159)	(16,511)	797,708	

See accompanying notes to parent company only financial statements.

T-FLEX TECHVEST PCB CO., LTD.
Parent Company Only Cash Flow Statements
For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 55,896	\$ 60,333
Adjustments for:		
Adjustments to reconcile net income (loss)		
Amortization expense	-	19
Expected credit loss (gain)	(3,867)	3,614
Interest expense	1,072	311
Interest revenue	(1,226)	(145)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(52,519)	(66,074)
Gain on disposal of property, plant and equipment	(601)	(600)
Total adjustments	(57,141)	(62,875)
Changes in assets and liabilities relating to operating activities:		
Net changes in assets relating to operating activities:		
Accounts receivable	(8,168)	43,685
Other current assets	(20)	(45)
Total net changes in assets relating to operating activities	(8,188)	43,640
Net changes in liabilities relating to operating activities:		
Accounts payable	48,106	(84,612)
Other payables	(2,030)	(2,686)
Other current liabilities	480	(255)
Total net changes in liabilities relating to operating activities	46,556	(87,553)
Total net changes in assets and liabilities relating to operating activities	38,368	(43,913)
Total adjustments	(18,773)	(106,788)
Cash provided by operations	37,123	(46,455)
Interest received	1,226	145
Interest paid	(1,113)	(199)
Income taxes refund(paid)	(118)	(2)
Net cash provided by operating activities	37,118	(46,511)
Cash flows from financing activities:		
Short-term debts	29,000	30,000
Distribution of cash dividends	(34,856)	(27,885)
Net cash used in financing activities	(5,856)	2,115
Increase (decrease) in cash and cash equivalents	31,262	(44,396)
Cash and cash equivalents at beginning of period	14,588	58,984
Cash and cash equivalents at end of period	\$ 45,850	14,588

See accompanying notes to parent company only financial statements.

T-FLEX TECHVEST PCB 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 specified otherwise)

1. HISTORY AND ORGANIZATION

T-Flex Techvest PCB Co., Ltd. (“the Company”) was incorporated as a company limited by shares on December 29, 1999 under the approval of the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 12, Gongye 2nd Rd., Pingzhen Dist., Taoyuan City. On January 12, 2005, the Company’s shares were listed on the Taipei Exchange (“TPEX”). The Company is primarily involved in the business of producing, processing and selling electronic components and printed circuit boards.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

These parent company only financial statements were authorized for issue by the Board of Directors on March 15, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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”)

Effective January 1, 2023, the Company adopted the following newly revised International Financial Reporting Standards, which had no significant effect on its parent company only financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policy”
- Amendments to IAS 8 “Definition of Accounting Estimation”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The initial application of the amendments of the IFRSs endorsed and issued into effect on May 23, 2023 did not have a significant effect on the consolidated financial statements of the Group.

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

- (2) Effect of new standards and amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

The Company has assessed that the application of the following newly revised IFRSs

effective from January 1, 2024, would not have a significant effect on its parent company only financial statements.

- Amendments to IAS 1 “Classify liabilities into current or non-current”
- Amendments to IAS 1 “Non-current liabilities with covenants”
- Amendments to IAS 1 and IFRS 8 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liabilities of After-sale and Leaseback”

- (3) IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the consolidated financial statements of the Group.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IAS 21 “Lack of Exchangeability”

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (1) Statement of compliance

These parent company only financial statements have been prepared following the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (2) Basis of preparation

A. Basis of measurement

Except Financial assets at fair value through other comprehensive income are measured at fair value, the parent company only financial statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

- (3) Foreign Currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies

are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the difference relating to investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive incomes.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Company holds the asset primarily for trading;
- C. The Company expects to realize the asset within twelve months after the reporting period;
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. The Company expects to settle the liability in its normal operating cycle;
- B. The Company holds the liability primarily for trading;
- C. The liability is due to be settled within twelve months after the reporting period;
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Accounts receivable was initially recognized upon receipt. All other financial assets and financial liabilities were initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. The accounts receivable not containing significant financial component was initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; or Fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

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

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established (normally refers to the ex-dividend date).

(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, trade receivables, guarantee deposits paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12 month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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

forward-looking information.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually assesses respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual

cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters transactions whereby it transfers its assets recognized in the balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument following the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

(b) Equity transaction

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

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

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

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in

the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Investment in Affiliates

Associate refers to an entity to which the Company has material impact on its financial and operational policies, excluding controlling or joint controlling thereof.

The Company adopts the equity method for the equity of an associate. Under the equity method, it is reorganized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the an invested associate includes the reputation identified during the initial investment, less any accumulated impairment loss.

The unconsolidated financial statements include, from the date having material impact to the date of losing material impact, and after making consistent accounting policy adjustment with the Company, the Company recognizes the profit or loss and the amount of other comprehensive income or loss of each invested associate according to the equity ratio. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the associate held by the Company is not affected, the Company then recognizes all of the equity change as the “capital reserve” according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Company and the associate is recognized in the enterprise’s financial statements only within the equity scope of the investor irrelevant to the associate. When the loss amount of the associate required for recognition proportionally by the Company equals to or exceeds the its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(8) Subsidiaries

The subsidiaries which the Company is holding for control are measured under the equity method in the financial statement. Under the equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are attributable to the owners of the parent company in the financial statement.

The changes in ownership of the subsidiaries are recognized as an equity transaction.

(9) Impairment of non-financial assets

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

For impairment testing, assets are grouped into the smallest group of assets that

generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the carrying amount of an asset Cost CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

Goodwill impairment losses are not reversed. For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

(10) Revenue recognition

Revenue from contracts with customers

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

A. Sale of goods—Electronic components

The Company manufactures and sells electronic components to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often recognizes revenue based on the total amount if the sale according to aggregate sales of electronic components is over a 6-month period and had a discount agreement previously or its highly possible to have sales discounts in marketing experience. The Company evaluates the amount of discounts on the day of the occurrence of that fact or the date of the balance sheet, offsets sales revenue or recognizes sales allowance, and recognizes the revenue only to the extent that it is highly probable that a significant reversal will not occur. As of the reporting date, the expecting amount paid to customers relating to the unit price discounts and defects of the product is recognized as refund liabilities.

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

B. Financing components

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

(11) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(12) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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

It is measured using tax rates enacted or substantively enacted at the reporting date.

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

- A. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes if any.

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

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

(13) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive

ordinary shares. The Company's potentially dilutive ordinary shares include employee compensation.

(14) Segment information

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in parent company only financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

6. STATEMENTS OF MAJOR ACCOUNTING ITEMS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash in banks	\$	
Demand deposits	<u>45,850</u>	<u>14,588</u>
Cash and cash equivalents in statement of cash flows	<u>\$ 45,850</u>	<u>14,588</u>

Please refer to Note 6(15) for the disclosure of credit, interest, currency risks and sensitivity analysis of the financial instruments of the Company.

The Company's cash and cash equivalents have not been pledged as collateral. Cash and cash equivalents are expressed not pledged.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies' stocks	<u>\$ 4,150</u>	<u>4,683</u>

A. Investments in equity instruments measured at fair value through other comprehensive income or loss.

The Company held these investments in equity instruments as long-term strategic investments and were not held for trading purposes, and therefore had been designated as measured at fair value through other comprehensive income or loss.

The Company did not dispose of any strategic investments in 2023 and 2022, and the accumulated gains and losses during that period were not transferred to equity.

B. Please refer to Note 6(15) for credit risks and fair value information.

C. None of the above financial assets were pledged as collateral.

(3) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 38,601	30,433
Less: Loss allowance	(102)	(3,969)
Total	<u>\$ 38,499</u>	<u>26,464</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses for accounts receivable were determined as follows:

	<u>December 31, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Not yet due	\$ 37,446	0.00%	-
Overdue within 30 days	1,155	8.86%	102
	<u>\$ 38,601</u>		<u>102</u>

	<u>December 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Not yet due	\$ 17,487	0.00%	-
Overdue within 30 days	727	8.86%	64
Overdue 31-90 days	12,219	31.96%~64.80%	3,905
	<u>\$ 30,433</u>		<u>3,969</u>

The movement in the loss allowance for accounts receivable was as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,969	355
Recognized impairment (reversal of gains) loss	<u>(3,867)</u>	<u>3,614</u>
Balance, end of year	<u>\$ 102</u>	<u>\$ 3,969</u>

Please refer to 6(15) for the credit and the currency risks of the Company's accounts receivables.

The Company's accounts receivable have not been pledged as collateral.

(4) Inventories

The inventory costs recognized as sales costs and expenses for 2023 and 2022 were NT\$86,172,000 and NT\$107,957,000 respectively.

(5) Investments accounted for using the equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary	\$ 192,559	203,811
Affiliates	<u>648,589</u>	<u>597,431</u>
	<u>\$ 841,148</u>	<u>801,242</u>

A. Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2023.

B. Affiliates

Relevant information of associates having materiality to the Company is as follows:

Affiliate name	Relationship with the Company	Company registration country	Proportion of ownership interest	
			2023.12.31	2022.12.31
Chi Chen Investment Co., Ltd. (Chi Chen Company)	Its main business refers to general investment business, and it is a company jointly invested by the Company and the parent company	SAMOA	19.27%	19.27%

The shareholding percentage of the Company on the associate is less than 20%; however, the Group acts as a director of the company and participates in the decision making, such that the Group has material influence on the company. Accordingly, the equity valuation method is adopted.

The financial information of associates having materiality on the Company is

summarized in the following. For such financial information, the amounts indicated in the parent company only financial report according to the IFRS has been adjusted, in order to reflect the fair value adjustment made when the Company acquires the equity of the associates and the adjustment made with respect to the accounting policy difference:

(1) Summary of financial information of Chi Chen Company

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current Assets	\$ 4,021,015	3,501,889
Non-current assets	2,147,834	3,010,424
Current liabilities	(1,910,416)	(2,255,226)
Non-current liabilities	(28,996)	(361,282)
Net assets	<u>\$ 4,229,437</u>	<u>3,895,805</u>
Net assets attributable to uncontrolled equity	<u>\$ 864,402</u>	<u>796,191</u>
Net assets attributable to owners of the investee	<u>\$ 3,365,035</u>	<u>3,099,614</u>

	<u>2023</u>	<u>2022</u>
Net income for the period	\$ 411,560	335,305
Other comprehensive income	(77,928)	50,786
Total comprehensive income	<u>\$ 333,632</u>	<u>386,091</u>
Total comprehensive income (loss) attributable to non-controlling interests	<u>\$ 68,210</u>	<u>78,905</u>
Total comprehensive income (loss) attributable to owners of the investee	<u>\$ 265,422</u>	<u>307,186</u>
Proportion of net assets of associate held by the Company at beginning of the period	\$ 597,431	538,223
Total comprehensive income (loss) attributable to the Company in the current period	51,158	59,208
Carrying amount of the associates' equity of the Company at end of the period	<u>\$ 648,589</u>	<u>597,431</u>

The Company did not provide any investment accounted for using the equity method as collateral for its loans.

(6) Short-term debts

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	<u>\$ 59,000</u>	<u>30,000</u>
Unused short-term credit lines	<u>\$ 52,396</u>	<u>31,386</u>
Interest Rates	<u>1.95%~2.08%</u>	<u>1.72%</u>

Please refer to Note 6(15) for information on the analysis of the liquidity and interest rate of short-term borrowings of the Company.

The Company did not provide any asset as collateral for its short-term debts.

(7) Other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Income tax liabilities	\$ 964	13
Refund liabilities	491	56
Other	145	100
Total	<u>\$ 1,600</u>	<u>169</u>

Refund liability is mainly due to the characteristics of the industry in which the sales of electronic components may generate a sales discount due to product defects or price drops, which are expected to be paid to customers.

(8) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance under the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

In 2023 and 2022, the pension expenses of the Company under the rules for the defined contribution pension were all NT\$103,000, respectively, and were appropriate to the Bureau of Labor Insurance.

(9) Income taxes

A. Income tax expense (or benefit)

The statement of income tax profit (expense) of the Company is as follows:

	<u>2023</u>	<u>2022</u>
Arising during the period	<u>\$ 1,081</u>	<u>13</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>-</u>	<u>(73)</u>
Income tax expense (or benefit)	<u>\$ 1,081</u>	<u>(60)</u>

Reconciliation of income tax and profit before tax were as follows:

	<u>2023</u>	<u>2022</u>
Income before tax	<u>\$ 55,896</u>	<u>60,333</u>
Income tax using the Company's domestic tax rate	\$ 11,179	12,067
Tax-exempt income	2,118	(2,932)
Undistributed earnings additional tax	1,081	13
Current year losses for which no deferred tax asset was recognized	-	466
Change in unrecognized temporary differences	(13,169)	(9,674)
Recognition of taxable loss not recognized in the previous period	<u>(128)</u>	<u>-</u>
 Total	 <u>\$ 1,081</u>	 <u>(60)</u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

For the temporary difference related to the investment in associates for the years ended December 31, 2023 and 2022, since the ultimate parent entity of the Company is able to control the timing for the reversal of the temporary difference and reversal is not likely to be performed in the foreseeable future, it is recognized under the deferred income tax liabilities. Its relevant amount is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aggregate amount of temporary differences related to investments in affiliates	<u>\$ 89,139</u>	<u>73,201</u>

(b) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tax effect of deductible Temporary Differences	\$ 142	690
The carryforward of unused tax losses	<u>33,647</u>	<u>34,274</u>
	<u>\$ 33,789</u>	<u>34,964</u>

Under the Income Tax Act, tax losses incurred in the ten years, prior to the approval of the tax authorities, may be deducted from the net profit for the current year and then audited for income tax purposes. These items are not recognized as deferred tax assets because it is not probable that the Company will have sufficient tax assets in the future to provide for the temporary differences.

As of December 31, 2023, the Company has not used the tax loss on deferred tax assets, which is deducted over the following periods:

<u>Year of loss</u>	<u>Loss not yet deducted</u>	<u>Last year for which the deduction was made</u>
2016	\$ 93,079	2026
2017	6,430	2027
2018	27,506	2028
2019	34,741	2029
2020	4,143	2030
2022	<u>2,334</u>	2032
	<u>\$ 168,233</u>	

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax liabilities were as follows:

	<u>Others</u>
Deferred Tax Liabilities:	
Balance on January 1, 2022	\$ 73
Recognized in profit or loss	<u>(73)</u>
Balance on December 31, 2022	<u>\$ -</u>

C. Assessment of tax

The Company's tax returns through 2021 have been assessed and approved by the Tax Authority.

(10) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized shares of 150,000,000, with a par value of \$10 per share, amounted to \$1,500,000,000, of which, 69,713,000 ordinary shares were issued. All issued shares were paid up upon issuance.

B. Capital reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Additional paid-in capital	\$ 25,100	25,100
Conversion of treasury shares	<u>3,687</u>	<u>3,687</u>
	<u>\$ 28,787</u>	<u>28,787</u>

According to the R.O.C. Company Act, the capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on the issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus above par

value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

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

If the Company distributes dividend bonus, legal reserve, special reserve, or part/whole of the capital surplus by cash payment, two of the three authorized board members must be present during the meeting, and half of the attendees' approval must be obtained before reporting the agreed appropriation at the shareholders' meeting.

To consider stable development and complete financial structure, the Company's surplus distribution shall be no less than 10% of the distributable surplus, minus the previous year's surplus. However, if the distributable surplus, minus the previous year's surplus, is less than the percentage of paid-in capital, the Company may decide to transfer all of the retained surplus to unappropriated retained earnings.

When distributing surplus, cash dividend shall not be less than 10% of the total dividend.

(a) Legal reserve

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

(b) Special reserve

When the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the special surplus reserve is made up of the current profit and loss and the undistributed surplus in the previous period; it is the deduction of other shareholders' equity accumulated in the previous period's amount, from the undistributed surplus of the previous period, the special surplus reserve shall not be distributed. When the deduction amount of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

(c) Earnings Distribution

The earnings distribution for 2022 and 2021 had been approved during the board's meeting on April 28, 2023 and April 25, 2022. The relevant dividend distributions to shareholders were as follows:

The relevant dividend distributions to shareholders were as follows:

	<u>2022</u>		<u>2021</u>	
	Dividend per share(NTD)	AMOUNT	Dividend per share(NTD)	AMOUNT
Dividends distributed to ordinary shareholders				
Cash	\$ 0.50	<u>34,856</u>	0.40	<u>27,885</u>

D. Other equity

The items listed under other equity are Exchange Differences on Translation of Foreign Financial Statements and the accumulated amount of unrealized gains and losses of financial assets at fair value through other comprehensive gains and losses.

(11) Earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 54,815</u>	<u>60,393</u>
Weighted average number of ordinary shares (In Thousands)	<u>69,713</u>	<u>69,713</u>
Basic earnings per share (NTD)	<u>\$ 0.79</u>	<u>0.87</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 54,815</u>	<u>60,393</u>
Weighted average number of ordinary shares (In Thousands)	<u>69,713</u>	<u>69,713</u>
— Effect of employee share bonus	<u>176</u>	<u>340</u>
Effect of conversion of convertible bonds (In Thousands) (diluted)	<u>69,889</u>	<u>70,053</u>
Diluted earnings per share (NTD)	<u>\$ 0.78</u>	<u>0.86</u>

(12) Revenue from contracts with customers

(1) Details of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Japan	<u>\$ 56,188</u>	<u>-</u>

	<u>2023</u>	<u>2022</u>
China	25671	-
Korea	14176	118,704
Total	<u>96,035</u>	<u>118,704</u>
Major products/services lines		
Printed circuit boards	<u>\$ 96,035</u>	<u>118,704</u>

(2) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Jan. 1, 2022</u>
Accounts receivable	\$ 38,601	30,433	74,118
Less: Loss allowance	(102)	(3,969)	(355)
Total	<u>\$ 38,499</u>	<u>26,464</u>	<u>73,763</u>

For details on accounts receivable and allowance for impairment, please refer to Note 6(3).

For refund liabilities disclosure please refer to Note 6(7).

(13) Employee compensation and directors' remuneration

Following the Articles of Incorporation, the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

In 2023 and 2022, NT\$2,942,000 and NT\$3,279,000 were estimated for the remuneration of employees, NT\$ 0 and NT\$1,967,000 were estimated for the remuneration directors and supervisors of the Company, respectively. The estimation basis is calculated by deducting the cumulative losses from net profit before tax of the period (the amount before deducting the remuneration of employees and remuneration of directors and supervisors) and multiplying by the distribution ratio of remuneration of employees, directors, and supervisors as intended in the Articles of Incorporation, and the amount is presented as operating expenses for the period. For relevant information, please visit the MOPS for inquiries. The remuneration of employees, Directors, and supervisors resolved by the Board for distribution above has no difference from the estimated amount in the parent company only financial statements of the Company in 2023 and 2022.

(14) Non-operating income and expenses

A. Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Net gains on disposal of property, plant and equipment \$	601	600
Foreign exchange gains (losses)	435	2,377
	<u>\$ 1,036</u>	<u>2,977</u>

(15) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The main customers of the company centralized in the electronics industry, and to reduce the notes and accounts receivable credit risk, the Group continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of notes and accounts receivable and appropriates allowance for doubtful accounts. Up to December 31, 2023 and 2022, the accounts receivable balance was 85% and 100% contributed to two customers respectively. Therefore, the Group is concluded to have credit risk concentration. Credit risk of receivables and debt securities

(c) For credit risk exposure of accounts receivables, please refer to Note 6(3).

Other financial assets at amortized cost include other receivables and certificates of deposit.

All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months of expected credit losses. The fixed deposit certificates held by the Company, the transaction counterparty, and the performing party are financial institutions with investment grades and above, so the credit risk is deemed to be low.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>
December 31, 2023			
Non-derivative financial liabilities			
Unsecured bank loans	\$ 59,000	59,221	59,221
Accounts payable	65,032	65,032	65,032
Other payables	<u>6,586</u>	<u>6,586</u>	<u>6,586</u>
	<u>\$ 130,618</u>	<u>130,839</u>	<u>130,839</u>

December 31, 2022			
Non-derivative financial liabilities			
Unsecured bank loans	\$ 30,000	30,127	30,127
Accounts payable	16,926	16,926	16,926
Other payables	<u>8,657</u>	<u>8,657</u>	<u>8,657</u>
	<u>\$ 55,583</u>	<u>55,710</u>	<u>55,710</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risks

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>New Taiwan Dollars</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 2,496	30.71	76,650	1,359	30.71	41,747
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,123	30.71	65,192	579	30.71	17,787

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings; and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against each transaction currencies currency on December 31, 2023 and 2022 would have increased (decreased) the net income by \$575,000 and \$1,200,000. The analysis in 2023 is performed on the same basis for 2022.

(c) Foreign exchange gain and loss on monetary items

The exchange gains and losses of the Company's monetary items (including realized and unrealized) converted into functional currency, and converted to the company's presentation currency are as follows:

	2023		2022	
	Exchange gains (losses)	Average Rate	Exchange gains (losses)	Average Rate
New Taiwan Dollars	\$ 435	-	2,377	-

D. Interest rate analysis

Please refer to the notes on liquidity risk management about the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis assumes that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to Management internally, which also represents The Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased /decreased by 1 %, the Company's net income would have decreased /increased by \$132,000 in 2023 and \$154,000 in 2022 with all other variable factors remaining constant. Mainly due to group variable interest rate deposits and loans.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities through profit or loss is measured regularly. The carrying amount and fair value of The Company's financial assets and liabilities, including the information on the fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, for equity investments that have no quoted prices in the active markets and whose fair value cannot be reliably measured, and lease liabilities, for which disclosure of fair value information is not required.

	December 31, 2023				
	Net carrying amount as of:	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets measured at fair value through other	\$ 4,150	-	-	4,150	4,150

		December 31, 2023			
		Fair Value			
Net carrying amount as of:		Level 1	Level 2	Level 3	Total
comprehensive income					
Financial assets measured at					
amortized cost					
Cash and cash equivalents	\$ 45,850	-	-	-	-
Accounts receivable	384,99	-	-	-	-
Refundable deposits(classified under other current assets)	176	-	-	-	-
Subtotal	84,525	-	-	-	-
Financial liabilities at amortized cost					
Bank loan	\$ 59,000	-	-	-	-
Accounts payable	65,032	-	-	-	-
Other payables	6,586	-	-	-	-
Subtotal	130,618	-	-	-	-
		December 31, 2022			
		Fair Value			
Net carrying amount as of:		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	\$ 4,683	-	-	4,683	4,683
Financial assets measured at					
amortized cost					
Cash and cash equivalents	\$ 14,588	-	-	-	-
Accounts receivable	26,464	-	-	-	-
Refundable deposits(classified under other current assets)	176	-	-	-	-
Subtotal	41,228	-	-	-	-
Financial liabilities at amortized cost					
Bank loan	\$ 30,000	-	-	-	-
Accounts payable	16,926	-	-	-	-
Other payables	8,657	-	-	-	-
Subtotal	55,583	-	-	-	-

(b) Fair value through profit or loss financial instrument-fair value evaluation technique

a. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial instruments is measured by using the market method and net asset value method if there is no public quotation in an active market. The market method refers to the recent fundraising activities of the investment target, or target with similar market transaction price and conditions; while the net asset value method's main assumption is based on the net value per share of the investee.

If open quote of a financial instrument can be timely and frequently obtained from exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents actual and frequently occurred fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or trading volume is small, then they serve as indicators of an inactive market.

Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

If a financial instrument held by the Group has no active market, then its fair value is determined according to the category and attribute as follows:

Equity instrument without open quote: The market comparable company method is used to estimate the fair value, and its main assumption is to use the net value per share of the investee and the earnings multiples inferred from the market quotation of domestic TWSE(TPEX) listed companies as the basis for measurement. The estimated value has been adjusted for the discount effect of the equity-based securities with insufficient market circulation.

(c) Transfers between Level 1 and Level 2: None.

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

	<u>Measured at fair value through other comprehensive income</u>
	<u>Equity instruments without public quotations</u>
January 1, 2023	\$ 4,683
Total gains or losses	
Recognized in other comprehensive income	<u>(533)</u>
December 31, 2023	<u>\$ 4,150</u>
January 1, 2022	\$ 5,583
Total gains or losses	
Recognized in other comprehensive income	<u>(900)</u>
December 31, 2022	<u>4,683</u>

The above total gains or losses are reported in series as unrealized gains or losses on financial assets measured at fair value through other comprehensive income. The related assets still held in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total gains or losses		
Amount recognized in	\$ (533)	(900)
OCI:		
(presented in “Unrealized loss from financial assets measured at fair value through other comprehensive income)		

(e) Quantitative information on fair value measurements of material unobservable inputs value (Level 3)

The fair value measurements of the Company are classified as Level 3, mainly financial assets measured at fair value through other comprehensive income - investments in equity securities.

The Company 's investments in equity instruments with no active market have multiple significant unobservable inputs. The quantitative information of material unobservable inputs is listed below:

<u>Items</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Significant unobservable Relationship between inputs and fair value</u>
Financial asset measured at fair value through other comprehensive income - Equity instrument investment without active market	Comparable to listed companies	Multiple of the net value of stock price (0.94 and 0.93 as of December 31, 2023 and December 31, 2022, respectively)	The higher the multiplier, the higher the fair value
		Discount due to the lack of market liquidity (30% as of December 31, 2023 and December 31, 2022, respectively)	The higher the discount for lack of marketability, the lower the fair value

(f) For Level 3 fair value measurements, the sensitivity of fair value to reasonably possible alternative assumptions is analyzed

The Company's fair value measurement of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the effect on the current profit or loss or other comprehensive income if the valuation parameters are changed is as follows:

	<u>Input value</u>	<u>Upward or downward change</u>	<u>Fair value changes reflected in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2023				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment without active market	Price-to-book Ratio Multiplier	3%	\$ 125	(125)
	Liquidity Discount Ratio	3%	178	(178)
			<u>\$ 303</u>	<u>(303)</u>
December 31, 2022				
Financial assets measured at fair value through other comprehensive income				

	<u>Input value</u>	<u>Upward or downward change</u>	<u>Fair value changes reflected in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
Equity instrument investment without active market	Price-to-book Ratio Multiplier	3%	\$ 140	(140)
	Liquidity Discount Ratio	3%	201	(201)
			<u>\$ 341</u>	<u>(341)</u>

Favorable and unfavorable changes in the Company represent fluctuations in fair value, which is calculated using valuation techniques based on varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input, the above table reflects only the effect of changes in a single input value and does not take into account the correlation and variability among the input values.

(16) Financial risk management

A. Overview

The Company has exposure to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the parent company only financial statements.

B. Structure of risk management

The Company's financial management department provides services for each business, coordinates the operation of entering domestic and international financial markets, as well as supervises and manages the financial risks related to the Company's operations through internal risk reports that analyze the level and range of risks that may occur. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors. Those policies are written principles for the exchange rate, interest rate, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. The Audit Committee and the internal audit will regularly review the policies to limit risk exposures. The financial management department will regularly report to the Audit Committee and the Board. In addition, the Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, financial instruments and the Company's receivables from customers.

(a) Accounts receivable and other receivables

The Company credit risk is affected by individual client circumstances.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the board; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company does not require any collateral for accounts receivable and other receivables.

(b) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's counterparties and burden of contract parties are creditworthy banks, financial institutions and corporate organizations with investment grades, there are no materiality concerns, so there is no materiality credit risk.

(c) Guarantees

The Company's policy is to provide financial guarantees only to companies with business dealings, companies that directly and indirectly hold or hold more than 50% of the voting shares. As of December 31, 2023 and 2022, no other guarantees were outstanding.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on

investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount above expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As of December 31, 2023 and 2022, The Company's unused credit line were amounted to \$52,396,000 and \$71,386,000, respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect The Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. Therefore, the group engages in derivative transactions to avoid exchange rate risks. The gains and losses of foreign currency assets and liabilities due to exchange rate changes will roughly offset the valuation gains and losses of derivatives. However, derivative transactions can help reduce the number of merged companies but still cannot completely rule out the impact of changes in foreign currency exchange rates.

The Company regularly reviews the risky positions of individual foreign currency assets and liabilities and hedges the risky positions. The main hedging tool used is forward foreign exchange contracts. The maturity dates of the forward foreign exchange contracts undertaken by the group are all shorter than six months and do not meet the requirements of hedging accounting.

(b) Interest rate risk

The Company's policy is to ensure that the loan interest rate change risk exposure is reduced.

(17) Capital management

The Company's objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's capital management strategy in 2023 is consistent with the strategy in 2022. The Company's debt to capital ratios are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 132,218	55,752
Less: Cash and cash equivalents	<u>(45,850)</u>	<u>(14,588)</u>
Net debt	86,368	41,164
Total equity	<u>797,708</u>	<u>791,496</u>
Total capital	<u>\$ 884,076</u>	<u>832,660</u>
Debt to equity ratio	<u>9.77%</u>	<u>4.94%</u>

(18) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes Others</u>	<u>December 31, 2023</u>
Short-term debts	\$ 30,000	29,000	-	59,000
Total liabilities from financing activities	<u>\$ 30,000</u>	<u>29,000</u>	<u>-</u>	<u>59,000</u>

	<u>Jan. 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes Others</u>	<u>December. 31, 2022</u>
Short-term debts	-	30,000	-	30,000
Total liabilities from financing activities	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>

7. RELATED-PARTY TRANSACTIONS

(1) Parent company and ultimate controlling party

Taiwan PCB Techvest Co., Ltd. is the parent company of the Company and the ultimate controller of the Group. Taiwan PCB Techvest Co., Ltd. has prepared consolidated financial statements for the general public.

(2) Related parties and relationship

The followings are entities that have had transactions with the related party during the periods covered in the parent company only financial statements.

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Taiwan Printed Circuit Board Techvest Co., Ltd. (tpt)	Parent company of The company
tgt Techvest Co., Ltd. (tgt)	Subsidiary of The Company
T- Mac Techvest (Wuxi) PCB Co., Ltd. (tmt)	Subsidiary of Taiwan PCB Techvest Co., Ltd. (other related party of the Company)

(3) Significant transactions with the related parties

A. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Parent company	\$ (1)	(372)
Other Related party – tmt	86,173	108,329
	<u>\$ 86,172</u>	<u>\$ 107,957</u>

The transaction price and payment term between the Company and related parties have no documents and information available for comparison with the ones with regular suppliers, and the payment term for related parties is Net 150 days.

B. Payables from Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Other Related party – tmt	\$ 65,032	16,926
Other payables	Subsidiary-tgt	400	-
		<u>\$ 65,432</u>	<u>16,926</u>

C. Others

<u>Relationship</u>	<u>Item</u>	<u>2023</u>	<u>2022</u>
Subsidiary-tgt	Labor fees	<u>\$ 400</u>	-

(4) Key management personnel compensation

Key management personnel comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 912</u>	<u>2,288</u>

8. PLEDGED ASSETS

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Objects</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits (classified under other current assets)	Facility lease deposit	<u>\$ 176</u>	<u>176</u>

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES : None

10. LOSSES DUE TO MAJOR DISASTERS: None

11. SIGNIFICANT SUBSEQUENT EVENTS: None

12. OTHERS

A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

By function	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By nature						
Employee benefits						
Salaries	-	5,383	5,383	-	5,491	5,491
Labor and health insurance	-	356	356	-	372	372
Pension	-	103	103	-	103	103
Remuneration of directors	-	912	912	-	2,288	2,288
Other employee benefits	-	79	79	-	80	80
Depreciation	-	-	-	-	-	-
Amortization	-	-	-	-	19	19

Additional information on the number of employees and employee benefits of the company in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	<u>10</u>	<u>10</u>
Number of directors who were not employees	<u>7</u>	<u>7</u>
Average employee benefit expense	<u>\$ 1,974</u>	<u>2,015</u>

Average employee salary	<u>\$ 1,794</u>	<u>1,830</u>
Average employee salary adjustment	<u>(1.97)%</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>325</u>

Information on remuneration policy (including directors, supervisors, managerial officers and employees) of the Company is as follows:

(1) Remuneration of Directors and Supervisors

The remuneration of directors and supervisors are paid in accordance with the “Regulations for Remuneration of Directors and Supervisors and Remuneration Distribution”. When there is surplus earning, and if the performance evaluation of board of directors reaching the required standard, remuneration of directors and supervisors is distributed according to the ratio specified in the articles of Incorporation (i.e., the annual distributable remuneration of directors and supervisors). If the required standard is not met after the Remuneration Committee reports to the board of directors for discussion, it is adjusted according to the ratio, which is further reported to the shareholders’ meeting after the review of the Remuneration Committee and approval of the board of directors.

(2) Remuneration of Managerial Officers

For the managerial officers’ salary standard, year-end bonus and employee remuneration distribution, the Remuneration Committee proposes evaluation recommendation, and the approval of the board of directors shall be obtained, The same requirement is applied to adjustment thereof.

(3) Remuneration of Employees

The remuneration policy of the Company is in positive correlation with the personal competence, contribution to the Company, job performance and business performance. The overall remuneration package mainly includes three parts of the basic salary, bonus and employee bonus and welfare. With regard to the remuneration payment standard, the basic salary is issued according to the market competition status and the Company’s policy for the job positions of employees. The bonus and employee bonus is issued based on the operational performance of individual employee and the Company. For the design of the welfare, legal compliance is considered as the priority along with the employee demands, in order to design employee welfare measures.

13. OTHER DISCLOSURES

(1) Information on significant transactions

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

A. Lending to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates

and joint ventures):

(In Thousands of New Taiwan Dollars/Per share)

Name of holder	Category and name of security	Relationship with the Company Relationship with marketable securities Issuer	Account title	Ending balance				Note
				Shares	Carrying amount	Shareholding Ratio	Fair Value	
The Company	EVA Technologies Co., Ltd. (Ordinary share)	Non-related party	Financial assets measured at fair value through other comprehensive income, non-current	560,000	4,150	2.71%	4,150	None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

F. Disposal of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

G. Related-party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Notes/ accounts receivable (payable)		Remarks
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
tgt	tpt	Parent company	(Sale)	(727,747)	(61)%	Net 30 days from the end of the month of when invoice is issued	-		195,450	64%	None

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Balance of receivable accounts-related parties	Turnover (Note 1)	Overdue receivable accounts-related parties		Subsequent recovered amount of receivable accounts-related parties	Amount recognized as loss allowance
					Amount	Treatment method		
tgt (Note 2)	tpt	Parent company	195,450	4.95 times	-	-	194,966	-
tgt (Note 3)	tpt	Parent company	12,191	- time	-	-	5,453	-

Note 1: The calculation of turnover rate does not include other receivables.

Note 2: Accounts receivable.

Note 3: Other receivables.

I. Trading in derivative instruments: None.

(2) Information on investees :

The following is the information on investees for the year 2023 (excluding information

on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Per share)

Investors	Investees	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of the investee	Share of profits/losses of the investee	Note
				December 31, 2023	December 31, 2022	No. of Shares	Ratio	Carrying amount			
The Company	Chi Chen	Samoa	General investment	252,297	252,297	8,500,000	19.27%	648,589	327,417	63,107	None.
The Company	tgt	Taiwan	Manufacturing, selling of circuit boards	405,977	405,977	26,757,000	57.21%	192,559	(18,473)	(10,588)	Note 2

Note 1: If the relevant figures in this table involve foreign currencies, except for the amount remitted from Taiwan at the historical exchange rate, the profit and loss are calculated at the average exchange rate, and the rest are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 2: The difference is due to the amortization between the investment cost and the fair value of the identifiable net assets.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information :

(In Thousands of New Taiwan Dollars)

Investees	Main businesses and products	Paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	The company percentage of ownership	Investment income (losses) (Note 2. (2))	Book value	Accumulated remittance of earnings in the current period
					Outflow	Inflow						
twt	Manufacturing, selling of circuit boards	1,698,246	(2)	260,993	-	-	260,993	411,537	15.33%	63,103	648,254	-

B. Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
The Company	260,993	260,993	565,167

Note 1: The investment method is divided into three types:

- (1) Direct investments in mainland China.
- (2) Investment in mainland China through third region companies.
- (3) Other methods.

Note 2: The investment profit and loss column recognized in this period:

- (1) The recognition basis of investment gains and losses is divided into the following three types.
 - A. Financial statements verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - B. The financial statements have been reviewed by the Taiwanese parent company's certified accountant.
 - C. Other – self-assessed financial statements of investee.

Note 3: The Company is an enterprise with the paid-in capital exceeding NT\$80 million, and according to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland China", the maximum amount shall be 60% of the consolidated net worth.

Note 4: If the relevant figures in this table involve foreign currencies, profit and loss are calculated at the average exchange rate, and others are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 5: Chi Chau Printed Circuit Board (Suining) Co., Ltd is a subsidiary jointly invested by the Company and Chi Chen Investment Co., Ltd.

C. Significant transactions : None.

(4) Major shareholder information

Unit: Share

Name of Major Shareholder	Shareholding Shares	Shareholding ratio
Taiwan Printed Circuit Board Techvest Co., Ltd.	30,821,897	44.21%

14. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2023.

T-FLEX TECHVEST PCB CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash in banks	Demand deposits	\$ 7,760
	Foreign currency deposits USD1,239,000	38,049
	Foreign currency deposits CNY9,000	41
Total		<u>\$ 45,850</u>

T-FLEX TECHVEST PCB CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE

December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of Client	Description	Amount	Note
TSB CO.Ltd	Payment for goods	\$ 23,834	
TSB(Shanghai) CO.,Ltd	Payment for goods	8,708	
Hyun Woo Industrial Co.,Ltd	Payment for goods	6,059	
Less: Loss allowance		<u>(102)</u>	
Net amount		<u>\$ 38,499</u>	

T-FLEX TECHVEST PCB CO., LTD.

**STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL
ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE
INCOME**

January 1 to December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of Company	Opening		Additions		Decrease		Ending		Accumulated impairment	Collateral or Pledge Situation	Note
	Number of Shares or Sheets	Fair value	Number of Shares or Sheets	Amount	Number of Shares or Sheets	Amount	Number of Shares or Sheets	Fair value			
EVA Technologies Co., Ltd.	560,000	\$ 4,683	-	-	-	533	560,000	4,150	Not applicable	None	

T-FLEX TECHVEST PCB CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS
ACCOUNTED FOR USING EQUITY METHOD

January 1 to December 31, 2023

(In Thousands of New Taiwan Dollars)

Name of Company	Opening balance		Additions		Decrease		Ending balance			Market Value or Net Assets (Note 2)		Collateral or Pledge Situation	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Shareholding ratio	Amount	Unit price	Total Price		
Chi Chen Investment Co., Ltd.	8,500,000	\$ 597,431	-	51,158	-	-	8,500,000	19.27%	648,589	76.30	648,589	None	Note 1
tgt Techvest Co., Ltd.	26,757,000	203,811	-	-	-	11,252	26,757,000	57.21%	192,559	7.20	192,686	None	Note 1
Total		<u>\$ 801,242</u>		<u>51,158</u>		<u>11,252</u>			<u>841,148</u>		<u>841,275</u>		

Note 1: If those without a public market price are listed as the equity net value.

T-FLEX TECHVEST PCB CO., LTD.

STATEMENT OF Short-term debts

December 31, 2023

(In Thousands of New Taiwan Dollars)

<u>Loan type</u>	<u>Description</u>	<u>Balance at the end of the period</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Financing amount</u>	<u>Pledge or guarantee</u>	<u>Remarks</u>
Credit loan -financial institution		<u>\$ 59,000</u>	March 8,2024	1.95%~2.08%	111,410	None	

T-FLEX TECHVEST PCB CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
December 31, 2023
(In Thousands of New Taiwan Dollars)

Name of Client	Description	Amount	Note
T-Mac Techvest (Wuxi) PCB Co., Ltd.	Payment for goods	<u>\$ 65,032</u>	

T-FLEX TECHVEST PCB CO., LTD.
STATEMENT OF OTHER PAYABLES
December 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries payable	Salary and Bonus, etc.	\$ 3,919	
Other accrued expenses	Service fees and insurance	1,733	
Estimated expenses payable	Service fees and commissions payable	<u>934</u>	
		<u>\$ 6,586</u>	

T-FLEX TECHVEST PCB CO., LTD.

STATEMENT OF NET REVENUE

January 1 to December 31, 2023

<u>Item</u>	<u>Volume (000's square feet)</u>	<u>Amount</u>	<u>Note</u>
Sales Revenue	397	<u>\$ 96,035</u>	

T-FLEX TECHVEST PCB CO., LTD.

STATEMENT OF OPERATING COSTS

January 1 to December 31, 2023

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Subtotal</u>	<u>Total</u>
Finished goods at the beginning of the period		\$ -
Add:Purchases		86,172
Less: Finished goods obsolescence		<u>-</u>
Operating costs		<u>\$ 86,172</u>

T-FLEX TECHVEST PCB CO., LTD.

STATEMENT OF ADMINISTRATION EXPENSES

January 1 to December 31, 2023

Item	Description	Amount	Note
Payroll expense		\$ 6,295	
Labor cost		2,662	
Others		<u>2,168</u>	The balance of an item does not reach 5%
		<u>\$ 11,125</u>	

For relevant information of the statement of other revenue, net other income and expense, and financial cost, please refer to Note 6(14).

For the summary statement of employee benefits, depreciation and amortization expenses by function of current period, please refer to Note 12.