Stock Code：6284

INPAQ TECHNOLOGY CO., LTD.

2023 Annual Report
(Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Printed on May 8, 2024

Taiwan Stock Exchange Market Observation Post System：
http://mops.twse.com.tw

Inpaq annual report is available at：www.inpaq.com.tw

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Corporate Headquarters & Branch office& Plant

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Auditors

Name：Hai Ning Huang and Wan Yuan Yu.

Firm：KPMG

Address：68F, Taipei 101 Tower, No. 7, Sec. 5, Xinyi Road, Taipei 110, Taiwan

Name of Any Exchanges Where the Company's Securities Are Traded Offshore and Information：N/A

Corporate Website：www.inpaq.com.tw

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7. Review and Analysis of Financial Status and Business Results and Risk Issues

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1、 Letter to Shareholders

2023 was a year that marked a significant milestone for Inpaq Technology. Based on our breakthrough in technology and differentiation strategy, Inpaq Technology achieved record-high monthly revenue and robust profit growth. In 2023, Inpaq Technology's revenue increased by 5%, while operating net profit surged by 49% to NT$ 765 million. Despite facing significant economic and geopolitical challenges globally, Inpaq Technology still achieved excellent results with the joint efforts of all employees.

In the past three years, the COVID-19 pandemic, regional lockdowns, conflicts such as the Russia-Ukraine crisis, and geopolitical tensions have severely disrupted global supply chains, leading to significant increases in international raw material and energy prices, sparking inflationary pressures. By 2023, as the pandemic gradually subsided and inflation stabilized, the market began to recover, with all four major product lines of Inpaq Technology continuing to grow positively. Among them, the significant growth in gross profit of the power inductors, driven by the completion of new capacity installations and breakthroughs in process technology, has significantly boosted Inpaq Technology's profitability.

In 2023, generative AI emerged as a dominant force, leading the world to focus on the development of the AI field. With AI applications expanding widely to servers, PCs, and smartphones, it ushered in a new wave of replacement demand. Inpaq Technology 's main products, antennas and passive components, are both peripheral components, thus the resurgence in demand for PCs and smartphones, along with the gradually reaping benefits from the long-cultivated automotive market, is expected to bring new growth momentum to Inpaq Technology 's revenue.

Inpaq Technology is a professional electronic component manufacturer with four main product lines: antennas, high-frequency inductors, power inductors, and protection components. Among them, the company is the main supplier for GPS positioning ceramic antennas in the world. With the trend of global electronic industries towards 5G, IoT, smart homes, industrial automation, and automotive electronics, Inpaq Technology will continue to expand into the automotive electronics, high-end 5G/6G communication, AI applications, low-earth orbit (LEO) satellite, and ultra wide brand (UWB) modules markets. Below is the company's annual report for 2023:

A. 2023 Business Report

1. Implementation results of the business plan

   The implementation results of the parent company's business plan for 2023 are as follows:

Unit: NT$ thousands

Item	2023	2022	Growth
Net consolidated operating revenue	6,604,062	6,287,071	5%
Consolidated realized gross profit	1,845,954	1,553,345	19%
Consolidated operating expenses	1,081,117	1,039,643	4%
Consolidated net operating profit	764,837	513,072	49%
Consolidated net non-operating income and expenses	74,403	203,799	- 63%
Consolidated profit before income tax	839,240	717,501	17%

2. Budget implementation: Not applicable.
3. Parent company's financial revenue and expenditure and analysis of profitability

Item	2023	2022
Liabilities to Assets Ratio (%)	37.58	39.63
Long-term funds to fixed assets ratio (%)	349.13	347.61
Return on assets (%)	7.18	6.58
Return on shareholders' equity (%)	11.29	10.44
Net profit ratio (%)	18.18	17.62
Earnings per share (NT$)	5.01	4.22

Research and Development Status:

Inpaq Technology's core technologies include material development, component design, and process integration. The company focuses on researching and developing key components such as system protection components, high-frequency antennas, power inductors, and RF components based on customer applications and future component development directions. Inpaq Technology is dedicated to technological innovation and patent construction, and it has grown to become a world-class leader in the field of protective components and antenna modules.

Thick film printing technology, material layer stacking technology, ceramic iron powder integrated molding technology, thin film fine circuit technology, low-temperature co-fired ceramic (LTCC) technology, and polymer low-loss dielectric material 3D molding technology are all part of Inpaq Technology's established technology platform. The company's electronic components are used in a wide range of 3C electronics, communication, and automotive applications, including mobile phones, computers, displays, broadband network equipment, electric vehicles (EVs) and autonomous vehicles (AVs), satellite communication, digital wearables, and so on.

Research and Development Technical Focus:
(1) Application of thin-film packaging technology
(2) Miniaturization of high-current and industrial/automotive integrated molded power inductors
(3) 5G high-frequency precision inductors
(4) Low-temperature co-fired ceramic packaging manufacturing technology
(5) High-frequency signal application ultra-low capacitance-surge protection components
(6) Application of ultra-small CSP thin-film packaging technology
(7) Application of ultra-high surge protection varistors technology
(8) Design and manufacturing of RFID/NFC antennas, wireless charging modules, and antennas for 3C, automotive, and networking applications.
(9) Design and manufacturing of low-earth orbit (LEO) satellite (Ku/Ka band) low-temperature co-fired ceramic (LTCC) array antenna unit modules.
(10) Design and manufacturing of 5G millimeter-wave communication high-frequency low-temperature co-fired ceramic (LTCC) bandpass filters.
(11) High-precision, dual-frequency, lightweight GPS antenna modules.
(12) Design and manufacturing of millimeter-wave radar modules and antennas.
(13) Ultra wide brand (UWB) modules and ceramic antennas.
(14) 5G FWA Outdoor/Indoor antenna modules.

B. Summary of the Business Plan for 2024, Future Company Development Strategy, and Future Impact from External Competitive, Regulatory, and Macroeconomic Environments

The clear trend in the global electronics industry towards projects such as 5G, IoT, smart homes, industrial automation, and automotive electronics aligns closely with Inpaq Technology's product market positioning and business direction. We will continue to focus on selecting the right products, maintaining excellent product quality, and enhancing organizational effectiveness. In 2024, we will continue to strengthen the following initiatives:

(1) Focus on Featured Products to Increase Competitiveness:
Continue to improve product design, materials, and processes to increase competitiveness, strengthen the core value of advantageous products, convert them into high-margin revenue and high market share market strategy.

(2) Continuously Adjust Company Structure:
(a) Proactively cultivate and recruit exceptional talent, Strengthen employee skills and reserve excellent human resources.
(b) Integrate multiple departments and external resources, and manage professionally.
(c) Actively control costs and strengthen management capabilities.
(d) Invest in automated processes to enhance productivity and quality.
(e) Strengthen the application of "KPI performance management system" to improve the company's core competitiveness and ensure steady operation.

(3) Enter New Market Applications:
- (a) Continuously develop corresponding products and technologies for new market applications such as IoT, mobile payments, smart wearable devices, wireless charging positioning systems, AR/VR, antenna modules, automotive electronics, 5G/6G communication products, AI applications, and low-earth orbit satellites.
- (b) Enhance the ODM model for key customer groups and establish strategic alliance relationships with well-known international manufacturers.
- (c) Focus on the development and production of magnetic components, antenna modules, and sensing radars in the fields of power, electromechanical, and signal, in response to the rise of emerging industries such as electric vehicles, wind power charging piles, and energy storage equipment in the new energy industry.

(4) Build an Internationally Renowned Brand:
- (a) Recruit and train international talents of various languages.
- (b) Strengthen product network promotion.
- (c) Establish overseas branches and professional FAE technical service teams.
- (d) Continuously cooperate with major IC manufacturers and enter IC reference circuit design.

Outlook:

Inpaq Technology s management team will adopt the following principles of management as the direction for sustainable development:

Looking forward, Inpaq Technology will fully leverage teamwork and adaptability, continuously optimize resource utilization to adjust production pace, develop excellent technologies to meet customer demands, enhance product quality and cost competitiveness, strengthen partnerships with customers, and thereby enhance profitability and create value to expand shareholder benefits and maintain the company's competitive edge. Additionally, as the company steadily grows and expands its operations, Inpaq Technology will actively cultivate outstanding talents, recruit an internationalized team, foster a positive and ethical work culture, and continuously improve working conditions and employee benefits to attract talent.

While pursuing profitability and growth, Inpaq Technology continues to enhance corporate governance to safeguard shareholder interests and implement corporate social responsibility and sustainable business principles. In recent years, Inpaq Technology has established an ESG Implementation Committee, actively promoting greenhouse gas inventories, setting energy-saving and carbon-reduction targets, developing green products, caring for employee well-being and safety, and actively participating in public welfare activities, fulfilling its responsibility to environmental conservation and achieving the goal of sustainable business operations.

Finally, thank you to all of our customers, suppliers, shareholders, and the public for their long-term support and trust in Inpaq Technology, as well as to all of our employees for their wholehearted dedication to the company's operations. Let us continue to work together to create greater value.

Wishing everyone good health and all the best!

Chairman	Pei-Cheng Chen
President	Chih-Mou Hung
Accounting Manager	Kuo-Shu Huang

2、 Company Profile

1. Establishment date

Establishment date: June 23, 1998

2. Company history

(1) In the early stages of the Company's establishment, its core technology was the assembly of integrated SMD components, and it established a company that designs, manufactures, and sells high-density integrated products. The Company provides miniaturized integrated assembly technology and product services for product areas such as overvoltage, overcurrent, noise protection components, and microwave communication antenna components. Using its innovative technological advantages, it produces and sells key components for consumer products, communication, computers, and their peripherals in Taiwan and around the world. The important events of the Company are as follows:

1998	・The Company was established, and the registered capital was NT$240 million, with a paid-in capital of NT$60 million. ・The Company issued 12 million new shares with a paid-in capital of NT$180 million. ・The Company was authorized to establish a factory in Miaoli and obtained a factory registration certificate.
1999	・The Company obtained an approval letter for "Important Technology Enterprise" in accordance with the Act for Upgrading Industries. ・The Company obtained certification for ISO-9001 & QS-9000. ・The Company changed its registered capital to NT$500 million and issued 12.5 million new shares. ・The Company successfully developed and mass-produced the thick-film array capacitor (CN41).
2000	・The Company obtained approval for "Leading New Plan for the Development of Microwave Compound Micro Antenna Products" from the Industrial Development Bureau, MOEA. ・The Company issued 9.5 million new shares with a paid-in capital of NT$400 million. ・The Company successfully developed the Multilayer Varistor (MLV Series). ・The Company successfully developed and mass-produced the GPS Patch Antenna (PA Series)
2001	・The Company obtained approval for the "Static Discharge Protection Material and Substrate Integration Technology" plan from the Department of Industrial Technology, MOEA ・The Company issued 7,845,748 new shares through retained earnings and capital reserve, with a paid-in capital of NT$478,457,480. ・The Company successfully developed and mass-produced the Multilayer Chip Capacitor Array (CA41 Series). ・The Company indirectly invested in and established Inpaq Technology (Suzhou) Co., Ltd. through a third-party country.
2002	・The Hsinchu Science Park Bureau, NSTC gave the Company permission to relocate to the Science Park and change its business address to No. 23, Gongye E. 4th Rd., East Dist., Hsinchu City ・The WLAN Chip Antenna and GPS AAF were officially mass-produced. ・The Company's overseas production base, Inpaq Technology (Suzhou) Co., Ltd., officially started production. ・The Company was listed on the Taipei Exchange, stock code R243.

2003 ・The Company obtained a license to establish a branch office in Zhunan.

・The Company obtained an approval letter for "Successful Product Development with Marketability" from the Industrial Bureau of the Ministry of Economic Affairs.

2004 ・The SMD PPTC (Polymer Positive Temperature Coefficient) and EGA (ESD Guard) were officially mass-produced.

・The Company obtained ISO14000 certification.

・Approved by the Taiwan Stock Exchange and Futures Exchange to become an OTC-listed company.

2005 ・Merged with Etronic Team Co., Ltd.

・Developed LC Filter, officially mass-produced Multilayer Type Common mode filters.

2006 ・Increased capital by issuing 4.1 million new shares and issuing NT$150 million of the first domestic unsecured convertible corporate bond in Taiwan.

・Increased capital by issuing 4,671,073 new shares through earnings and reserves, increasing paid-in capital to NT$652,578,210.

・Indirectly invested in establishing Inpaq Trading (Kunshan) Co., Ltd. through a third-party country.

・Amended the Company's Articles of Incorporation to increase the authorized capital to NT$1 billion.

2007 ・Completed private placement by issuing 20 million new shares and raising NT$973,000,000.

・Increased capital by issuing 5,277,063 shares through earnings and reserves, increasing paid-in capital to NT$732,280,840.

・Amended the Company's Articles of Incorporation to increase the authorized capital to NT$1.5 billion.

・Indirectly invested in establishing Inpaq Technology (Wuxi) Co., Ltd. through a third-party country.

2008 ・Investments in Inpaq Korea Co., Ltd. are re-invested businesses with 33% equity ownership.

・Signed a subsidy contract for "Multilayer Power Inductors for High-Density Micro Power Modules Produced by Low-Temperature Co-fired Ceramic" with the Industrial Development Bureau, MOEA.

・Increased capital by issuing 7,374,907 new shares through earnings and reserves, increasing paid-in capital to NT$982,590,250.

・Indirectly invested in establishing Inpaq Technology (Hong Kong) Co., Ltd.

2009 ・Increased capital by issuing 4,730,702 new shares through earnings and reserves, increasing paid-in capital to NT$1,029,897,270.

・Established a factory in Wuxi, China.

・Changed the address of the head office to No. 11, Keyi St., Zhunan Township, Miaoli County.

2010 ・Developed thin-film common-mode filters and established a mass production process.

2011 ・Established dry process capabilities for the base layer.

・Reduced the number of treasury shares by 3,645,000, and the paid-in capital was changed to NT$993,447,270.

2012 ・Established a branch in Taichung, and relocated the Taichung factory to the Taichung Science Park.

2013 ・Conducted a second domestic convertible corporate bond offering of NT$300 million.

2014 ・Increased capital by issuing 3,094,879 new shares through the conversion of convertible bonds, increasing paid-in capital to NT$1,024,396,060.

・Listed in the Directory of Excellent Taiwan Exporters and Importers in 2013.

2015 ・Increased capital by issuing 118,648 new shares through the conversion of convertible bonds, increasing paid-in capital to NT$1,025,582,540.

2016 ・Subsidiary Inpaq Technology (Suzhou) Co., Ltd. received the first "Zifeng Award" for Taiwan-funded enterprises in Jiangsu.

・Repayed the second domestic guaranteed convertible corporate bond.

2018 ・Conducted private cash capital increase and issued 45,000,000 new shares, increasing paid-in capital to NT$1,475,582,540.

・Acquired the antenna business unit of Walsin Technology Corp.

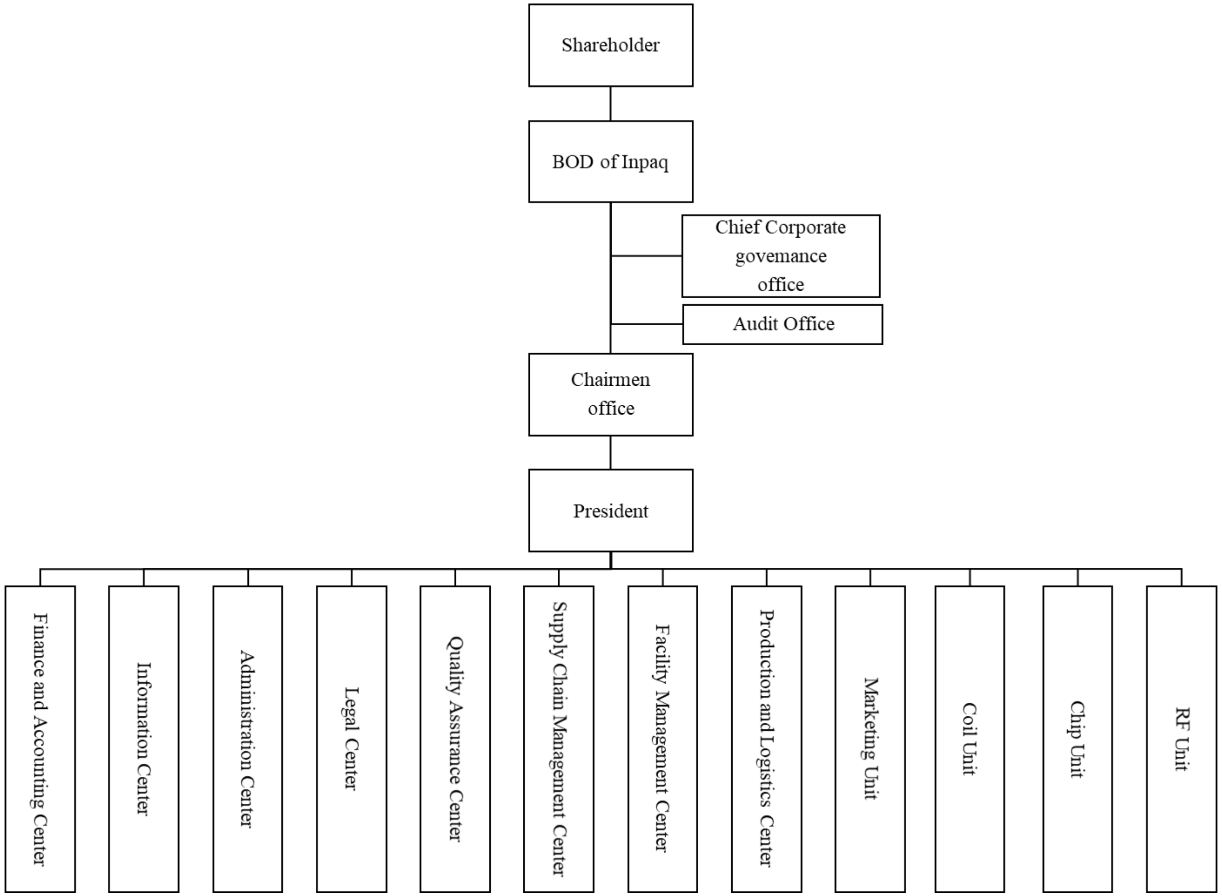
2019	・Conducted cash capital reduction of 7,377,913 shares, reducing paid-in capital to NT$1,408,003,410. ・Established Inpaq Europe to accelerate the development of the European market.
2020	・To meet market demand, the Company increased its production capacity by constructing a second factory in Zhunan. ・Subsidiary Inpaq Technology (Suzhou) Co., Ltd. received the second prize for tax contribution in Xiangcheng District, Jiangsu.
2021	・Acquired Hunan Hongdian Electronic Co., Ltd. to increase the product portfolio of inductors and expand market visibility and share. ・Invested in Joyin Co., Ltd. to expand the product lines of varistors, thermistors, and sensors.
2022	・Sold the equity of Joyin Co., Ltd. to Prosperity Dielectric Co., Ltd. ・Acquired 72.9% shares of Eleceram Technology Co., Ltd. through the acquisition of Joyin Co., Ltd., becoming a subsidiary of the Company from July. ・The new factory in Zhunan was completed and put into operation.
2023	・Increased capital by issuing 88,000,000 new shares, increasing paid-in capital to NT$1,489,803,410 ・Conducted a third unsecured convertible corporate bond offering of NT$700 million. ・The completion and inauguration of the global headquarters and research center building.

(2) Any major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the Company is transferred or otherwise changes hands: None

3、 Corporate Governance Report

1. Organization Structure

1. Organization Chart



2. Major Corporate Functions

Department	Functions	Note
CEO, President	1. Assumes responsibility for the success or failure of company operations. 2. Sets company operation objectives and strategies. 3. Shapes the organizational structure and culture. 4. Establishes external relationships and develops talent. 5. Assigns management representatives.	
President's Room	1. Plans and supervises the execution performance of business groups. 2. Prepare and present plans, execution status, and recommendations to the President and relevant management levels for decision-making. 3. Assists in coordinating the needs and tasks of various departments. 4. Executes and manages projects.	
Finance and Accounting Center	1. Prepares and analyzes financial statements. 2. Plans and integrates funding and risk management. 3. Communicates and maintains shareholder equity. 4. Plans and integrates taxation. 5. Manages fixed assets.	
Information Center	1. Establishes and implements information management systems. 2. Sets up and manages software and hardware equipment, networks, enterprise information systems, and application systems.	
Legal Center	1. Drafts, reviews, and manages contracts; provides legal advice and resolves litigation and mediation cases. 2. Collects laws and regulations and conducts special studies; manages and protects intellectual property. 3. Promotes legal education and training.	
Administration Center	1. Plans, executes, and manages related operations such as personnel, administration, and general affairs. 2. Plans and manages labor safety and health-related businesses. 3. Plans and manages environmental safety-related businesses (wastewater, exhaust gas, waste, noise, toxic substances, drinking water, etc.). 4. Contact, declaration and approval of business related to the competent authority. 5. Manages environmental safety risk assessment.	
Quality Assurance Center	1. Plans and maintains quality systems. 2. Calibrates and manages inspection, measuring instruments, and testing equipment. 3. Controls product quality operations. 4. Controls document operations. 5. Verifies product reliability. 6. Applies for and manages safety regulations. 7. Manages customer quality complaints. 8. Promotes the Company's quality image. 9. Measures and manages the laboratory.	
Production and Logistics Center	1. Plans and executes procurement strategies and supply chain management. 2. Plans and executes outsourcing. 3. Manages import and export and overseas business support.	
Audit Office	Evaluates the deficiencies of the Company's internal control system and measures operational efficiency, submits audit reports, provides timely improvement suggestions, and ensures that the internal control system is continuously and effectively implemented, and assists management in fulfilling their responsibilities.	

Departments	Functions	Note
RF Unit Chip Unit Coil Unit Marketing Unit Production and Logistics Center Supply Chain Management Center Facility Management Center	1. Formulating and achieving production quality/cost/lead time goals. 2. Capacity planning and execution. 3. Developing and promoting corrective and preventive measures and continuous improvement plans. 4. Developing and managing production technology and equipment. 5. Planning and managing the operational environment. 6. Establishing, maintaining, and improving factory facilities. 7. Coordinating and managing production, sales, and inventory. 8. Planning and supervising inventory management. 9. Developing new products and providing technical support. 10. Implementing research and development project system 11. Verifying and approving new materials. 12. Developing and revising material, product, and packaging specifications. 13. Managing intellectual property rights. 14. Assisting the marketing department in promoting products and company image to external parties.	

2. Directors, Supervisors, President, Vice President, Associates, Departments and Branches Officer Information

1. Information on Directors (1)

April 16, 2024
Unit: shares

Title	Nationality / Place of Registration	Name	Gender Age	Date of election/ appointment to current term	Term of office	Commencement date of first term	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
Chairperson	Taiwan	Walsin Technology Corp.	-	2023.6.16	3 Years	2018.8.24	47,848,650	34.13	51,782,658	34.76	-	-	-	-	None	None	None	None	None	
	Taiwan	Walsin Technology Corp. Representative: Pei-Cheng Chen	Female 51~60 years old	2023.6.16	3 Years	2018.8.24	45,000	0.03	97,259	0.07	-	-	-	-	Academic Qualifications: George Washington University MBA	CSO of Passive System Alliance, Director of Inpaq (BVI) Ltd., Director of Inpaq (Cayman Islands) Ltd., Director of Inpaq Technology USA, Inc., Director of Kamaya Electric Co., Ltd., Director of Matsuo Electric Co., Ltd	None	None	None	
Director	Taiwan	Walsin Technology Corp.	-	2023.6.16	3 Years	2018.8.24	47,848,650	34.13	51,782,658	34.76	-	-	-	-	None	None	None	None	None	
	Taiwan	Walsin Technology Corp. Representative: Yu-Heng Chiao	Male 61~70 years old	2023.6.16	3 Years	2018.8.24	-	-	20,000	0.01	-	-	-	-	Academic Qualifications: Golden Gate University MBA Work Experience: Vice Chairman, Walsin Technology Corp.	Vice Chairperson and CSO of Career Technology (MFG.) Co., Ltd., Chairperson of Walsin Technology Corp., Chairperson of Silitech Technology Corporation, Chairperson and CEO of Walton Advanced Engineering, Inc., Chairperson and CEO of HannStar Board International Holdings Ltd., Chairperson and CEO of Global Brands Manufacture Ltd., Chairperson of Prosperity Dielectric Co., Ltd. , Chairperson of Info-Tel Corporation, Director of Walsin Lihwa. Corp.	None	None	None	
Director	Taiwan	Walsin Technology Corp.	-	2023.6.16	3 Years	2018.8.24	47,848,650	34.13	51,782,658	34.76	-	-	-	-	None	None	None	None	None	

Title	Nationality / Place of Registration	Name	Gender Age	Date of election/ appointment to current term	Term of office	Commencement date of first term	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
	Taiwan	Walsin Technology Corp. Representative: Ming-Tsan Tseng	Male 51~60 years old	2023.6.16	3 Years	2018.8.24	555,650	0.42	89,899	0.06	9,945	0.01	-	-	Academic Qualifications: Ph.D., Chemical Engineering, National Taiwan University Work Experience: COO, Inpaq Technology Co., Ltd.; Corporate Director Representative, Joyin Co., Ltd.; Corporate Director Representative, APAQ Technology Co., Ltd.	President of Walsin Technology Corporation Director of Walsin International Management (HK) Limited, Director of Pan Overseas (B.V.I.) Investments Co., Ltd., Director of Walsin Technology Corporation U.S.A, Director of Walsin Technology Corporation (HK) Limited, Director of Walsin Passive Component (H.K.) Limited, Director of Suzhou Walsin Technology Electronics Co., Ltd., Director of Fine Bright Technology Limited, Director of Pan Overseas (Guangzhou) Electronic Co., Ltd., Representative of Kamaya Electric Co., Ltd., Director of Kamaya, Inc., Director of Kamaya Electric (M) Sdn. Bhd., Director of Nitsuko Electronics Corporation, Director of Kamaya Electric (HK) Limited, Chairperson of Eleceram Technology Co., Ltd.	None	None	None	

Title	Nationality / Place of Registration	Name	Gender Age	Date of election/ appointment to current term	Term of office	Commencement date of first term	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
Director	Taiwan	Dun-Ren Cheng	Male 61~70 years old	2023.6.16	3 Years	1998.6.15	1,496,606	1.07	1,314,606	0.88	72,462	0.05	-	-	Academic Qualifications: Ph.D., Material Science, National Cheng Kung University Work Experience: Research Fellow, ITRI Material and Chemical Laboratory	Chairperson and Technical Director of APAQ Technology Co., Ltd., Corporate Director Representative of Phoenix Innovation Venture Capital Co., Ltd, Corporate Director Representative of Phoenix Innovation Entrepreneurship Investment II Co., Ltd., Director of Bioptik Technology,Inc, Corporate Supervisor Representative of Imat Corporation, Director of Jin Jia Wang Financial Management Co., Ltd., Director of Inpaq Technology (Suzhou) Co., Ltd., Representative of APAQ Technology (Wuxi) Co., Ltd., Representative of APAQ Technology (Hubei) Co., Ltd., Director of Cheng Gong Innovation Management Consulting Co., Ltd., Corporate Chairperson Representative of Bei Ke Zhi Xing Entrepreneurship Investment Co., Ltd., Director of Syntec Technology Co., Ltd., Corporate Supervisor Representative of Leantec Intelligence Co., Ltd., Corporate Chairperson Representative of SteadyBeat Technology Corporation, Chairperson of I-SEE Vision Technology Inc., Chairperson of K Kingdom Inc.	None	None	None	
Independent Director	Taiwan	Ji-Zu Gao	Male 61~70 years old	2023.6.16	3 Years	2008.6.13	6	-	6	-	-	-	-	-	Academic Qualifications: Ph.D. in Chemistry, University of California, Berkeley; Bachelor of Chemistry, National Taiwan University Work Experience: Co-founder of ITEQ Corporation; Founding Chairperson, Taiwan ITRI New Venture Association; Independent Director, Joyin Co., Ltd.	President of Taiwan ITRI New Venture Association, Independent Director of FuSheng Precision Co., Ltd. Director of Academy of Promoting Economic Legislation, Director of Yuan T. Lee Foundation Science Education, Director of Taiwan-Japan Cooperation on Industrial Technology, Director of Taipei Independent Director Association	None	None	None	

Title	Nationality / Place of Registration	Name	Gender Age	Date of election/ appointment to current term	Term of office	Commencement date of first term	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
Independent Director	Taiwan	Teh-Fu Huang	Male 61~70 years old	2023.6.16	3 Years	2020.6.15	-	-							Academic Qualifications: Ph.D. in Political Science, Northwestern University Work Experience: Professor, Department of Social and Public Affairs, University of Taipei; Professor, Department of Political Science, National Chengchi University; Legislator of the Fifth and Sixth Legislative Yuan	None	None	None	None	
Independent Director	Taiwan	Po-Wei Chu	Male 41~50 years old	2023.6.16	3 Years	2023.6.16	-	-							Academic Qualifications: China Europe International Business School EMBA Feng Chia University, Master's degree in Insurance Work Experience: President of H&D ASSET MANAGEMENT CO., LTD. Chairperson of Longbon International Co., LTD Director of China Chun-Long Life Insurance Co., Ltd., Xiamen International Trade and Financial Center Development Co., Ltd., Taiwan Life Insurance Co., Ltd., and Reiju Construction Co., Ltd	Chairperson of H&T Asset Management Co., Ltd. Chairperson of Wenxiang Education Foundation.	None	None	None	

Table 1: Directors and Supervisors who are representatives of corporate shareholders, should identify the name of the corporate shareholder and the names of the top ten shareholders of that corporation, as well as their respective shareholding ratios.

April 15, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Walsin Technology Corp.	Walsin Lihwa. Corp.	18.30%
	HannStar Board International Holdings Ltd.	7.88%
	Global Brands Manufacture Ltd.	3.53%
	Walton Advanced Engineering, Inc.	2.75%
	Yu-Heng Chiao	2.65%
	Citigroup (Taiwan) Commercial Bank entrusted with the custody of Maybank Kim Eng Securities Sdn Bhd investment account	2.33%
	Giga Investment Co.	1.37%
	Chin-Xin Investment Co., Ltd	1.28%
	TSAI YI CORPORATION	1.11%
	Winbond Electronics Corporation	1.09%

Table 2: For each of the top ten shareholders that are corporate shareholders listed in Table 1, the name of the corporate shareholder and the shareholder's ownership percentage of that corporation should be disclosed, as well as the names and ownership percentages of the top ten shareholders

March 19, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Walsin Lihwa. Corp	Chin-Xin Investment Co., Ltd	6.15%
	Winbond Electronics Corporation	6.14%
	Teco Electric & Machinery co., Ltd.	5.22%
	The Business Department of Standard Chartered International Commercial Bank is entrusted with the custody of the special investment account of Royal Bank of Singapore (Singapore) Limited.	4.54%
	Rong Jiang Co., Ltd.	4.27%
	China Trust Commercial Bank is entrusted with the custody of Yuanta Taiwan High Dividend Securities Investment Trust Fund Special Account	3.31%
	Patricia Chiao	2.71%
	Huali Investment Corp.	2.65%
	Chunghwa Post Co., Ltd.	1.89%
	Yu-Heng Chiao	1.62%

April 20, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
HannStar Board International Holdings Ltd.	Walsin Technology Corp.	20.32%
	Walsin Lihwa. Corp.	12.06%
	Career Technology (MFG) Co., Ltd.	5.44%
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of Fuhua Taiwan Technology Premium ETF Securities Investment Trust Fund Special Account	4.54%
	Hua Nan Bank is entrusted with the custody of Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account	4.09%
	Chin-Xin Investment Co. Ltd.	3.55%
	Chiao, Yu-Heng	2.19%
	Hong, Pai-Yung	1.91%
	Taiwan Bank is entrusted with the custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	1.68%
	Xing Xing Investment C. Ltd.	1.64%

April 20, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Global Brands Manufacture Ltd.	HannStar Board Co., Ltd.	40.65%
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of Fuhua Taiwan Technology Premium ETF Securities Investment Trust Fund Special Account	4.58%
	Hua Nan Bank is entrusted with the custody of Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account	3.40%
	The Bank of Taiwan is entrusted with the custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	1.54%
	Yu-Heng Chiao	1.15%
	HSBC hosts Mitsubishi UFJ Morgan Stanley securities trading account	0.88%
	Min-Hui Liao	0.82%
	Jicheng Investment Co., Ltd.	0.71%
	Ji-Fu Qiu	0.68%
	Chase Managed Vangard Emerging Markets Stock Index Fund Special Account	0.66%

April 8, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Walton Advanced Engineering, Inc.	Walsin Lihwa Corporation	21.17%
	Winbond Electronics Corp.	9.67%
	Prosperity Dielectrics Co., Ltd.	6.16%
	Walsin Technology Corporation	6.16%
	HannStar Board Co., Ltd.	2.85%
	Yu-Heng Chiao	1.97%
	JP Morgan Chase Bank N.A. Taipei Branch under the Custody of JP Morgan Securities Co. Ltd.	0.98%
	UBS Europe SE Investment Account under the custody of Citibank Taiwan	0.94%
	Yu-Lon Chiao	0.94%
	ACWI Fund Investment Account under the Custody of Standard Chartered International Commercial Bank Business Department	0.68%

March 31, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Giga Investment Co.	GIGABYTE Technology	100.00%

March 11, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Chin-Xin Investment Co., Ltd	Winbond Electronics Corporation	37.69%
	Walsin Lihwa Corporation	36.99%
	Huali Investment Corp.	4.43%
	Yu-Cheng Chiao	3.14%
	Yu-Lon Chiao	3.14%
	Yu-Heng Chiao	3.14%
	Yu-Chi Chiao	3.14%
	Walsin Technology Corporation	1.86%
	HannStar Board Co., Ltd.	1.34%
	Prosperity Dielectrics Co., Ltd.	0.72%

April 15, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
TSAI YI CORPORATION	WALSIN LIHWA CORPORATION	33.97%
	Walsin Technology Corporation	26.62%
	Jin Shin Investment Corporation	8.23%
	GLOBAL BRANDS MANUFACTURE LTD	6.83%
	Ching An Investment Corporation	3.95%
	Jung Yang Investment Corporation	3.85%
	PROSPERITY DIELECTRICS CO., LTD.	3.36%
	WALTON ADVANCED ENGINEERING, INC.	3.35%
	HANNSTAR BOARD CORPORATION	2.91%
	HannStar Display Corporation	2.00%

March 11, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Winbond Electronics Corporation	Walsin Lihwa Corporation	21.99%
	Chin-Xin Investment Co., Ltd	6.22%
	The Business Department of Standard Chartered International Commercial Bank Custody of LGT Royal Bank (Singapore) Co., Ltd. Investment Account	1.85%
	Labor Pension Fund	1.68%
	Yu-Cheng Chiao	1.64%
	Cathay Life Insurance Co., Ltd.	1.29%
	Citibank Taiwan in custody for Norges Bank	1.04%
	JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.01%
	Pai-Yung Hong	0.98%
	JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Vangard Emerging Market Stock Index Fund investment account of the manager of the Vangard Group Company.	0.94%

Information on Directors (2)

Information Disclosure of Directors and Independent Director's Qualification and Independence

April 16, 2024

Qualification / Name	Professional Qualifications and Experience (Note 1)	Independence Analysis (Note 2)	No. of other public companies atwhich the person concurrentlyserves as an independent director
Walsin Technology Corp. Representative: Pei-Cheng Chen	lease refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has accounting or financial expertise and experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the chairman of the Company's board of directors and as a director of its affiliated companies for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 97,259 shares, representing 0.07%of the issued shares. • The individual serves as the representative of a corporate shareholder under Article 27-2 of the Company Act and holds three seats on the Board of Directors. The individual has no ability to control a majority of seats on the Board of Directors or the voting rights of other directors. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. • The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	
Walsin Technology Corp. Representative: Yu-Heng Chiao	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has accounting or financial expertise as well as experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the chairman of the parent company for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 20,000 shares, representing 0.01%of the issued shares. • The individual serves as the representative of a corporate shareholder under Article 27-2 of the Company Act and holds three seats on the Board of Directors. The individual has no ability to control a majority of seats on the Board of Directors or the voting rights of other directors. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. • The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	
Walsin Technology Corp. Representative: Ming-Tsan Tseng	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the President of the Company and as a Director and President of its affiliated companies for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 116,844 shares, representing 0.08% of the issued shares. • The individual serves as the representative of a corporate shareholder under Article 27-2 of the Company Act and holds three seats on the Board of Directors. The individual has no ability to control a majority of seats on the Board of Directors or the voting rights of other directors. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. • The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	

Dun-Ren Cheng	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	• The individual served as the CEO of the Company for two years prior to and during the term of appointment. Prior to execution, all significant matters were reported to the Board of Directors for resolution, but this did not compromise the individual's independence. • The individual's spouse, parents up to the second degree of kinship, and direct blood relatives up to the third degree of kinship are not employed by the Company or its affiliated companies as employees, directors, supervisors, or managers. • The individual, their spouse, their minor children, or those holding shares in the Company under another name hold 1,387,068 shares, representing 0.93% of the issued shares. • The individual is not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. • The individual is not a professional, sole proprietor, partner, corporate owner, partner, director (supervisor), supervisor (auditor), or manager, and their spouse who provides business, legal, financial, accounting, or other related services to the Company or its affiliated companies, with a cumulative remuneration of less than NT$500,000 in the last two years. • The individual does not have a marital relationship, or a relative within the second degree of kinship to any other director of the Company and has not violated any provisions of Article 30 of the Company Law.	
Ji-Zu Gao	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met. • Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; • Whether the individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company: • Whether the person served as a director, supervisor, or employee of a company that has a specific relationship with the Company (as defined in Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No; • Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	
Teh-Fu Huang	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management capabilities. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met. • Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; • Whether the individual, their spouse, or relatives up to the second degree of kinship hold any shares (or shares held through nominees) in the Company: None; • Whether the person served as a director, supervisor, or employee of a company that has a specific relationship with the Company (as defined in Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No; • Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	
Po-Wei Chu	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management capabilities. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met. • Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; • Whether the individual, their spouse, or relatives up to the second degree of kinship hold any shares (or shares held through nominees) in the Company: None; • Whether the person served as a director, supervisor, or employee of a company that has a specific relationship with the Company (as defined in Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): No; • Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	

The Company's "Corporate Governance Guidelines" stipulate that the composition of the board of directors should consider diversity, without limiting gender, race, and nationality. In addition to possessing the knowledge, skills, and qualities necessary to perform their duties, the overall abilities that the board of directors should have to achieve the ideal goal of corporate governance include 1. Operational Judgment Ability; 2. Accounting and financial analysis capability; 3. Business management capability; 4. Crisis Management; 5. Industry knowledge; 6. Global Market Insights; 7. Leadership capability; 8. Decision-making ability and other diversified professional backgrounds. The current board of directors consists of seven members, including three independent directors, and one female director, accounting for 42.85% and 14.28% of the total board members, respectively. As of the end of 2023, two directors were aged between 41-50, one was aged between 51-60, and the other directors were aged over 60. All independent directors comply with the regulations of the Financial Supervisory Commission regarding independent directors. For relevant information on each director's education, gender, professional qualifications, work experience, and diversity, please refer to section 2, 1. Information on Directors (1).

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. President, Vice President, Associates, Departments and Branches Officer Information:

April 16, 2024 Unit: Shares

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholdings of the spouse and minor children		Sharesholdings through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Former CEO (Note 1)	Taiwan	Dun-Ren Cheng	Male	2015.3.17	1,314,606	0.88	72,462	0.05	-	-	Ph.D., Material Science, National Cheng Kung University Research Fellow, ITRI Material and Chemical Laboratory	Chairperson and Technical Director of APAQ Technology Co., Ltd., Corporate Director Representative of Phoenix Innovation Venture Capital Co., Ltd, Corporate Director Representative of Phoenix Innovation Entrepreneurship Investment II Co., Ltd., Director of Bioptik Technology,Inc, Corporate Supervisor Representative of Imat Corporation, Director of Jin Jia Wang Financial Management Co., Ltd., Director of Inpaq Technology (Suzhou) Co., Ltd., Representative of APAQ Technology (Wuxi) Co., Ltd., Representative of APAQ Technology (Hubei) Co., Ltd., Director of Cheng Gong Innovation Management Consulting Co., Ltd., Corporate Chairperson Representative of Bei Ke Zhi Xing Entrepreneurship Investment Co., Ltd., Director of Syntec Technology Co., Ltd., Corporate Supervisor Representative of Leantec Intelligence Co., Ltd., Corporate Chairperson Representative of SteadyBeat Technology Corporation, Chairperson of I-SEE Vision Technology Inc., Chairperson of K Kingdom Inc.	None	None	None	
Former President (Note 2)	Taiwan	Ming-Tsan Tseng	Male	2015.3.17	89,899	0.06	9,945	0.01	-	-	Ph.D., Chemical Engineering, National Taiwan University	President of Walsin Technology Corporation Director of Walsin International Management (HK) Limited, Director of Pan Overseas (B.V.I.) Investments Co., Ltd., Director of Walsin Technology Corporation U.S.A, Director of Walsin Technology Corporation (HK) Limited, Director of Walsin Passive Component (H.K.) Limited, Director of Suzhou Walsin Technology Electronics Co., Ltd., Director of Fine Bright Technology Limited, Director of Pan Overseas (Guangzhou) Electronic Co., Ltd., Representative of Kamaya Electric Co., Ltd., Director of Kamaya, Inc., Director of Kamaya Electric (M) Sdn. Bhd., Director of Nitsuko Electronics Corporation, Director of Kamaya Electric (HK) Limited, Chairperson of Eleceram Technology Co., Ltd.	None	None	None	
President (Note 2)	Taiwan	Chih-Mou Hung	Male	2023.7.1	30,000	0.02	-	-	-	-	Master of Chemical Engineering, National Cheng Kung University	Chairperson of Inpaq Technology USA, Inc., Director of Inpaq Europe GmbH, Corporate Director Representative of INPAQ Technology (Suzhou) Co., Ltd., Corporate Director Representative of Inpaq Technology (China) Co., Ltd., Director of Inpaq Trading (Suzhou) Co., Ltd., Corporate Director Representative ofHunan Hongdian Electronic Co., Ltd., Corporate Director Representative ofTaiwan Inpaq Electronic Co., Ltd., Director of Prosperity Dielectrics Co., Ltd., Director of Joyin Co., Ltd., Chairperson of Falcon Automation Equipment Corporation				

Vice President	Taiwan	Chi-Lung Chang,	Male	2019.2.1	306,467	0.22	5,251	0.00	-	-	Master of Material Science and Engineering, National Taiwan University of Science and Technology	Director, Inpaq Technology (Suzhou) Co., Ltd.; Director, Inpaq Technology (China) Co., Ltd.; Director, Inpaq Trading (Suzhou) Co., Ltd.; Director, Inpaq Trading (Suzhou) Co., Ltd. Director, Hunan Hongdian Electronic Co., Ltd.; Director Representative, Inpaq Korea Co.,Ltd; President, Eleceram Technology Co., Ltd.	None	None	None	
Vice President	Taiwan	Jen-Chieh Hsu	Male	2019.2.1	274,986	0.18	10,502	0.01	-	-	Department of Business Administration, National Chung Cheng University	None	None	None	None	
Financial and Accounting Manager	Taiwan	Kuo-Shu Huang	Male	2018.10.8	24,301	0.02	-	-	-	-	Master of Accounting, Chung Yuan Christian University Department of Accounting, Fu Jen Catholic University	Supervisor, Inpaq Technology (Suzhou) Co., Ltd.; Supervisor, Inpaq Technology (China) Co., Ltd.; Supervisor, Inpaq Trading (Suzhou) Co., Ltd.; Supervisor, Inpaq Trading (Suzhou) Co., Ltd.; Supervisor, Hunan Hongdian Electronic Co., Ltd.	None	None	None	

Note 1: Dun-Ren Cheng, Director and CEO, resigned on July 6, 2023.

Note 2: Mr. Ming-Tsan Tseng was dismissed on June 30, 2023; Mr. Chih-Mou Hung assumed office on July 1, 2023.

3. Remuneration to Directors, Supervisors, President, and Vice President

1. Remuneration to Directors and Independent Directors

2023 Unit: NT$ thousands; thousand shares

Title	Name	Base compensation (A)		Retirement pay and pension (B)		Directors' remuneration (C)		Expenses and perquisites (D)		Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee: Salary, rewards, and special disbursements (E)		Retirement pay and pension (F) (Note 1)		Employee Compensation (G)				Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
																The Company		Companies in the consolidated financial report				
		The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	Cash	Stock	Cash	Stock	The Company	Companies in the consolidated financial report	
Director	Walsin Technology Corp. Representative: Pei-Cheng Chen Walsin Technology Corp. Representative: Yu-Heng Chiao Walsin Technology Corp. Representative: Ming-Tsan Tseng Dun-Ren Cheng	0	0	0	0	10,188	10,188	435	435	10,624 1.49%	10,624 1.49%	7,399	8,347	2,566	2,566	1,200	0	1,200	0	21,788 3.05%	22,736 3.18%	31,645
Independent Director	Ji-Zu Gao Min-Hsiung Hong (Note 2) Teh-Fu Huang Po-Wei Chu (Note 3)	0	0	0	0	6,113	6,113	430	430	6,543 0.92%	6,543 0.92%	0	0	0	0	0	0	0	0	5,454 0.76%	5,454 0.76%	0

1. Please describe the policy, system, standards, and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: According to the Company's articles of association (which are based on not exceeding 3% of the pretax profit after deducting employee and director/supervisor remuneration for the year), the remuneration committee must review and report to the board of directors for resolution, as well as report to the shareholders' meeting.
2. In addition to the disclosure in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial report (such as serving as consultants for non-employees of the parent company/ all companies in the financial report/ investee companies) in the most recent fiscal year: None.

Note 1: It is the amount withheld for retirement pension expenses.
Note 2: Independent Director Min-Hsiung Hong's term ended, and he was dismissed on June 16, 2023.
Note 3: Po-Wei Chu was newly appointed as Independent Director on June 16, 2023.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	Companies in the consolidated financial statements H	The Company	Parent company and Re-invested businesses I
Less than NT$1,000,000				
NT$1,000,000 (incl.) ～ NT$2,000,000 (excl.)	Min-Hsiung Hong、Po-Wei Chu	Min-Hsiung Hong、Po-Wei Chu	Min-Hsiung Hong、Po-Wei Chu	Min-Hsiung Hong、Po-Wei Chu
NT$2,000,000 (incl.) ～ NT$3,500,000 (excl.)	Dun-Ren Cheng、Ji-Zu Gao、Teh-Fu Huang	Dun-Ren Cheng、Ji-Zu Gao、Teh-Fu Huang	Ji-Zu Gao、Teh-Fu Huang	Ji-Zu Gao、Teh-Fu Huang
NT$3,500,000 (incl.) ～ NT$5,000,000 (excl.)				
NT$5,000,000 (incl.) ～ NT$10,000,000 (excl.)	Walsin Technology Corp.	Walsin Technology Corp.	Dun-Ren Cheng	Dun-Ren Cheng
NT$10,000,000 (incl.) ～ NT$15,000,000 (excl.)				
NT$15,000,000 (incl.) ～ NT$30,000,000 (excl.)			Walsin Technology Corp.	Walsin Technology Corp.
NT$30,000,000 (incl.) ～ NT$50,000,000 (excl.)				
NT$50,000,000 (incl.) ～ NT$100,000,000 (excl.)				
NT$100,000,000 or above				
Total	8	8	8	8

2. Remuneration of the President and Vice President

Remuneration of the President and Vice President

2023;Unit: NT$ thousands; thousand shares

Title	Name	Salary (A)		Retirement pay and pension (B) (Note)		Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A+B+C+D and ratio to net profit after-tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Former CEO (Note 2)	Dun-Ren Cheng	8,882	9,830	2,809	2,809	5,595	5,595	2,350	0	2,350	0	2.75	2.90	9,644
Former President (Note 3)	Ming-Tsan Tseng													
President (Note 3)	Chih-Mou Hung													
Vice President	Chi-Lung Chang,													
Vice President	Jen-Chieh Hsu													

Note: It is the amount withheld for retirement pension expenses.
Note 2:Director and CEO Dun-Ren Cheng was dismissed on July 6, 2023.
Note 3: Ming-Tsan Tseng was dismissed on June 30, 2023. Chih-Mou Hung was newly appointed as President on July 1, 2023.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's President (s) and Vice President (s)	Names of President (s) and Vice President (s)	
	The Company	Parent company and Re-invested businesses E
Less than NT$1,000,000		
NT$1,000,000 (incl.) ～ NT$2,000,000 (excl.)	Chih-Mou Hung	Chih-Mou Hung
NT$2,000,000 (incl.) ～ NT$3,500,000 (excl.)	Jen-Chieh Hsu	Jen-Chieh Hsu
NT$3,500,000 (incl.) ～ NT$5,000,000 (excl.)	Dun-Ren Cheng, Chi-Lung Chang,	Dun-Ren Cheng,Chi-Lung Chang,
NT$5,000,000 (incl.) ～ NT$10,000,000 (excl.)	Ming-Tsan Tseng	Ming-Tsan Tseng
NT$10,000,000 (incl.) ～ NT$15,000,000 (excl.)		
NT$15,000,000 (incl.) ～ NT$30,000,000 (excl.)		
NT$30,000,000 (incl.) ～ NT$50,000,000 (excl.)		
NT$50,000,000 (incl.) ～ NT$100,000,000 (excl.)		
NT$100,000,000 or above		
Total	5	5

3. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

April 29, 2024; Unit: NT$ thousands

	Title	Name	Stock	Cash	Total	Total amount to net profit after-tax ratio (%)
Managerial officers	CEO	Dun-Ren Cheng	0	2,800	2,800	0.47
	President	Ming-Tsan Tseng				
	Vice President	Chi-Lung Chang,				
	Vice President	Jen-Chieh Hsu				
	Chief Financial and Accounting Officer	Guo-Shu Huang				

4. Compare and explain the total remuneration paid to Directors, Supervisors, President and Vice Presidents of the Company and all companies included in the consolidated financial statements in the past two fiscal years as a percentage of the tax-after net income of the individual or separate financial reports, and analyze and explain the policies, standards, and composition of remuneration, the process of setting remuneration, and the relationship with operating performance and future risks:

Item	Total amount to net profit after-tax (%)			
	2023		2022	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
Directors	3.81	3.94	4.90	5.22
President and Vice President	2.75	2.89	3.67	3.99

(1) Policy, Standards, and Composition of Remuneration, and Procedures for Determining Remuneration:

Item	**Description**
Directors	The director's remuneration consists primarily of director's fees and transportation costs. The director's fees are paid in cash and are based on Article 27 of the Company's articles of association, which states that no more than 3% of the annual profit can be allocated for director remuneration. The factors taken into account include the practical implementation of the Company's core values and operational management capabilities, financial and business performance indicators, comprehensive management indicators, continuous learning, and participation in sustainable management. Special contributions and significant negative events are also considered. The transportation expenses for attending board meetings are paid regardless of profit or loss, and a fixed amount of transportation allowance is given for each board meeting attended.
President and Vice President	In accordance with industry standards and company regulations, the Company pays fixed salaries for managerial compensation, as well as performance bonuses based on performance evaluations. The bonus is based on the manager's performance evaluation items, which include financial indicators (such as the Company's revenue achievement rate, pre-tax net profit, and after-tax net profit) and non-financial indicators (such as serving as a mentor or evaluator for innovative incubation programs, significant deficiencies in compliance with laws and regulations, or operational risks in the subordinate department). The authorized person that the board of directors appoints or the board of directors themselves determine the value of their participation in and contribution to the Company's operations.

(2) Correlation between risks and business performance:

Regarding the payment of remuneration, the remuneration committee considers the actual business performance and evaluates future risks to propose a resolution each year. The board of directors then endorses and puts the resolution into action.

4. Corporate Governance Status

1. Implementation Status of the Board of Directors:

In 2023, the Board of Directors held eight (A) meetings(Three meetings are held before the election, and five meetings are held after the election), and the attendance of directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings with entrusted attendees	In-person attendance rate (%) 【B/A】	Note
Chairman	Walsin Technology Corp. Corporate Representative: Pei-Cheng Chen	8	0	100%	
Director	Walsin Technology Corp. Corporate Representative: Yu-Heng Chiao	4	4	50%	
Director	Walsin Technology Corp. Corporate Representative: Ming-Tsan Tseng	8	0	100%	
Director	Dun-Ren Cheng	7	1	88%	
Independent Director	Ji-Zu Gao	8	0	100%	
Independent Director	Min-Hsiung Hong	3	0	100%	Note 1
Independent Director	Teh-Fu Huang	8	0	100%	
Independent Director	Po-Wei Chu	4	1	80%	Note 1

Note 1：Independent Director Min-Hsiung Hong's term ended, and he was dismissed on June 16, 2023. Po-Wei Chu was newly appointed as Independent Director on June 16, 2023.

Attendance of independent directors at each board meeting is as follows:
○: Attended in person ▲: Attended with entrusted attendance X: Absent

9th Board of Directors	20th Session (2023.01.17)	21st Session (2023.02.23)	22nd Session (2023.05.04)
Ji-Zu Gao	○	○	○
Min-Hsiung Hong	○	○	○
Teh-Fu Huang	○	○	○

10th Board of Directors	1st Session (2024.06.16)	2nd Session (2024.06.30)	3rd Session (2024.07.18)	4th Session (2024.08.10)	5th Session (2024.10.31)
Ji-Zu Gao	○	○	○	○	○
Teh-Fu Huang	○	○	○	○	○
Po-Wei Chu	○	○	○	▲	○

Other mentionable items:

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

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, which does not apply to Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to "Audit Committee Implementation Status" in this annual report.
(2) Other matters involving objections or reserved opinions recorded or stated in writing by Independent Directors that require a resolution by the board of directors: None.

2、 Specify the date of the board meeting, the meeting session number, the content of the motion, the outcome of the board's resolution, and the actions taken by the Company based on the supervisor's stance if he or she recused from a board meeting due to a conflict of interest:

Date and Session of Board Meeting	Agenda	Names of Directors	Reasons of recusal due to conflicts of interest	Participation in voting
January 17, 2023, 20th Meeting of the Ninth Board of Directors	Discussion on the 2022 Semi-Annual President Bonus and Year-End Manager Bonus Proposal	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
February 23, 2023, 21st Meeting of the Ninth Board of Directors	Donation to the related party " PSA Charitable Foundation "	Director Yu-Heng Chiao	Conflict of interest with Directors	Recused from participation
May 4, 2023, 22nd Meeting of the Ninth Board of Directors	Discussion on the Allocation of Individual Director Remuneration for the Fiscal Year 2022	Chairman Pei-Cheng Chen Director Yu-Heng Chiao Director Ming-Tsan Tseng Director Dun-Ren Cheng Independent Director Ji-Zu Gao Independent Director Min-Hsiung Hong Independent Director Teh-Fu Huang	Conflict of interest with Directors	Recused from participation
	Discussion on the Disbursement of Managerial Staff Remuneration for the Fiscal Year 2022	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
	Proposal and Review of the List of Director and Independent Director Candidates	Chairman Pei-Cheng Chen Director Yu-Heng Chiao Director Ming-Tsan Tseng Director Dun-Ren Cheng Independent Director Ji-Zu Gao Independent Director Teh-Fu Huang	Conflict of interest with Directors	Recused from participation
June 30, 2023, 2nd Meeting of the Tenth Board of Directors	Proposal for the Appointment of Mr. Chih-Mou Hung as the President of the Company due to the reassignment of Mr. Ming-Tsan Tseng, the current President, within the group.	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
August 10, 2023, 4th Meeting of the Tenth Board of Directors	Discussion on the Disbursement of the President's Bonus for the First Half of 2023.	Director Ming-Tsan Tseng	Conflict of interest with Directors	Recused from participation
October 31, 2023, 5th Meeting of the Tenth Board of Directors	Discussion on the New Retirement Benefits for Former CEO Mr. Dun-Ren Cheng	Director Dun-Ren Cheng	Conflict of interest with Directors	Recused from participation

3、 Implementation Status of Board Evaluations:

The Company established the "Rules for Performance Evaluation of the Board of Directors" in January 2020 and planned to conduct a self-evaluation once a year starting this year. The evaluation result for 2023 was reported to the board on February 22, 2024.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
The Board of Directors of the Company conducts an annual internal performance evaluation of the Board of Directors and Functional Committees.	January 1, 2023 to December 31, 2023	Performance evaluation of Board of Directors and Functional Committees	The evaluation is conducted using an internal questionnaire, which includes the organization and operation of the board of directors, the participation of directors, their understanding and awareness of the Company's responsibilities, and their continuous education, etc.	The Board of Directors' and Functional Committee's performance evaluation indicators will at least include aspects listed below: 1. Level of participation in company operations 2. The quality of the Board of Directors and Functional Committee's decisions 3. Board and Functional Committee's composition and structure 4. Appointment of directors and their continued development 5. Internal control The board members' performance evaluation indicators include aspects listed below: 1. Grasp of company targets and missions 2. Understanding of roles and responsibilities 3. Level of participation in company operations 4. Internal relationship management and communication 5. Director's specialty and continued development 6. Internal control

4、 Evaluations of the current and previous years' objectives for strengthening the board of directors' functions (such as establishing an Audit Committee, enhancing information transparency, etc.) and their status of implementation:

- The Company has revised and implemented its board of directors' rules of procedure in accordance with regulations and has established three independent directors. Since 2011, the Company has set up a Remuneration Committee in accordance with regulatory requirements. The Audit Committee has been established since 2020.
- After each board of directors' meeting, the legal and regulatory requirements for the disclosure of resolutions must be announced in a timely manner, enhancing information transparency.
- The Company has also established and revised various related codes and procedures in accordance with regulations and through board of directors' resolutions, focusing on shareholder rights and making operations more transparent. These include the "Procedure for Meetings of Board of Directors," "Rules for Performance Evaluation of Board of Directors" "Procedures for Handling Material Inside Information and the Prevention of Insider Trading," "Corporate Governance Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Codes of Ethical Conduct for Directors and Managers," "Sustainable Development Best Practice Principles," among others.

2. Implementation Status of the Audit Committee or Participation of Supervisors in Board Operations:

(1) Audit Committee Implementation Status:

（1） The Audit Committee's deliberations mainly include:

- Establishing or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the Internal Control System.
- Establishing or amending the procedures for significant financial transactions such as the Acquisition and Disposal of Assets, engaging in derivative trading, loaning of funds, endorsements or guarantees in accordance with Article 36-1 of the Securities and Exchange Act.
- Matters related to directors' conflicts of interest.
- Significant asset or derivative transactions.
- Significant lending of funds, endorsements, or guarantees.
- Issuance, offering, or private placement of equity securities.
- Appointment, removal, or remuneration of the signing accountant.
- Appointment and removal of financial, accounting, or internal audit executives.

- Annual and semi-annual financial reports.
- Other significant matters required by the Company or regulatory authorities.

（2） The Audit Committee's annual work priorities include:

- Arranging meetings (Audit Committee and communication meetings).
- Handling meeting-related matters of the Audit Committee in accordance with the law (meeting notices and minutes).
- Tracking and executing improvement items requested by the Audit Committee.
- Providing the independent directors with the necessary company information to assist them in fully exercising their duties.
- Establishing and revising organizational regulations and related operating procedures.
- Identifying related party transactions and potential conflicts of interest involving all employees, managers, and directors.
- Reviewing financial reports.
- Supervising the effective implementation of the Company's internal control.
- Compliance with relevant laws and regulations.

(2) In 2023, the Audit Committee held 7 (A) meetings(Three meetings are held before the election, and four meetings are held after the election), and the attendance was as follows:

Title	Name	No. of meetings attended in Person (B)	No. of meetings with entrusted attendance	In-person attendance rate (%)【B/A】	Note
Independent Director	Ji-Zu Gao	7	0	100%	Session of 2nd Audit Committee reappointment
Independent Director	Min-Hsiung Hong	3	0	100%	Session of 1st Audit Committee expired dismissal
Independent Director	Teh-Fu Huang	7	0	100%	Session of 2nd Audit Committee reappointment
Independent Director	Po-Wei Chu	3	1	75%	Session of 2nd Audit Committee New Appointment

(3) Professional Qualifications and Experience of the Audit Committee Members

Identity	Name	Professional Qualifications and Experience
Convener, Independent Director	Ji-Zu Gao	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The relevant experience covers various fields of electronic components and has experience in corporate management, serving as a specific management target.
Independent Director	Min-Hsiung Hong	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The individual have long-term experience in academia and corporate management, serving as a specific management target.
Independent Director	Teh-Fu Huang	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The individual have long-term experience in academia and abilities in corporate management.
Independent Director	Po-Wei Chu	The main educational and work experience and concurrent positions in this company and other companies can be found in section 2, 1. Information on Directors (1). The relevant experience covers various fields of financial insurance and has experience in corporate management, serving as a specific management target.

(4) Other mentionable items:

(1) The dates of meetings, sessions, the contents of motions, independent directors' objections, reservations, or major proposals, the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinion must be specified if any of the following events occur.

(2) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date and Session of Meeting	Agenda	Independent Directors' opinions or major proposals	Audit Committee Resolution	The Company's response to the Audit Committee's opinion
January 17, 2023 17th Session of 1st Audit Committee	Discussion on the Proposal for the Company to Loan Funds to Subsidiaries	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
	Discussion on the Revision of the Company's "Procedures for Handling Material Inside Information and Prevention of Insider Trading"			
February 23, 2023 18th Session of 1st Audit Committee	Discussion on the Company's 2022 Annual Business Report and Financial Statements	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
	Discussion on the Company's 2022 "Assessment of the Effectiveness of the Internal Control System" and "Internal Control System Statement"			
	Proposal for Donation to the Related Party " PSA Charitable Foundation "			
	Discussion on Lifting the Non-Compete Restrictions for Newly Appointed Directors			
May 4, 2023 19th Session of 1st Audit Committee	Discussion and Evaluation of the Independence and Professional Service Fees of the Certifying Accountants for 2023	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
	Discussion on Establishing General Principles for the Company's Pre-Approval Policy for Non-Assurance Services			
	Discussion on the Company's Q1 2023 Financial Report			
	Discussion on the Proposal for the Company to Provide Endorsements and Guarantees for Subsidiaries			
	Discussion on the Proposal for the Company to Loan Funds to Subsidiaries			
	Discussion on the Proposal for the Distribution of the Company's 2022 Earnings			
	Discussion on the Proposal for the Company to Invest in a Japanese Subsidiary			
	Discussion on the Proposal to Amend Certain Provisions of the Company's Articles of Incorporation			

Date and Session of Meeting	Agenda	Independent Directors' opinions or major proposals	Audit Committee Resolution	The Company's response to the Audit Committee's opinion
June 30, 2023 1st Session of 2nd Audit Committee	Discussion on the Proposal for a Capital Increase by Issuing Common Shares and the Issuance of the Third Domestic Unsecured Convertible Bonds in 2023	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
July 18, 2023 2nd Session of 2nd Audit Committee	Discussion on the Proposal for the Company to Loan Funds to Subsidiaries	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
August 10, 2023 3rd Session of 2nd Audit Committee	Discussion on the Company's Q2 2023 Financial Report	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
October 31, 2023 4th Session of 2nd Audit Committee	Discussion on the Company's Q3 2023 Financial Report Discussion on the Proposal for the Company to Loan Funds to Subsidiaries Discussion on the Company's 2024 Audit Plan Discussion on Establishing the Company's "Financial and Business Operations Regulations Between Related Parties"	None	Independent directors voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.

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

（4） If there are independent directors’ recusals due to conflicts of interest, the directors’ names, contents of motions, causes for avoidance and voting should be specified: None.

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

➢ Communications Between Independent Directors and Accountants

Date of meeting	Nature of meeting	Content of communication	Independent directors' suggestions and results
2023.10.31	2nd Audit Committee, 4th Session	1. Report on the reviewed results of the financial statements for the third quarter of 2023. 2. Communication of major audit matters related to the 2023 financial statements. 3. Update on the latest regulations. 4. Exchange of opinions.	Independent directors express no opinion

➢ Communications Between Independent Directors and Internal Audit Supervisors

Date of meeting	Nature of meeting	Content of communication	Independent directors' suggestions and results
2023.2.23	1st Audit Committee, 18th Session	1. Report on the implementation status of the audit plan for the fourth quarter of 2022. 2. Discussion on the evaluation of overall efficacy of internal control systems and statement of the internal control system.	Passed without objection.
2023.5.4	1st Audit Committee, 19th Session	Report on the implementation status of the audit plan for the first quarter of 2023.	Passed without objection.
2023.8.10	2st Audit Committee, 3th Session	Report on the implementation status of the audit plan for the second quarter of 2023.	Passed without objection.
2023.10.31	2st Audit Committee, 4th Session	1. Report on the implementation status of the audit plan for the third quarter of 2023. 2. Discussion on the audit plan for the year 2024.	Passed without objection.

3. Corporate Governance Implementation Status and Deviations from"the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"and Reasons:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		In order to establish an effective corporate governance system, the Company's board of directors approved its "Corporate Governance Best Practice Principles" in 2020 for compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." This guideline has also been uploaded to the Taiwan Stock Exchange Market Observation Post System as well as the Company's official website for public access. (http://www.inpaq.com.tw/upload/file/202001141827555874944673.pdf)	Complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
2. The Company's shareholding structure & shareholders' rights (1) Does the Company develop and implement an internal operating procedure for handling shareholder suggestions, questions, disputes, and litigation? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company establish and execute a risk management and firewall system within its conglomerate structure? (4) Does the Company establish internal rules against insiders trading with undisclosed information?	 V V V V		(1) The Company has established a spokesperson system to handle related matters in accordance with regulations. In order to ensure shareholders' rights and interests, the spokesperson may assign personnel to handle shareholder proposals, doubts, and disputes as needed. The Company also provides relevant contact information and stakeholder mailbox on its website and annual report to collect inquiries or suggestions. (2) The Company effectively monitors the shareholding status of directors, executives, and major shareholders holding more than 10% of the Company's shares and reports the relevant personnel in a timely manner. (3) The Company's affiliated companies are all subsidiaries directly or indirectly held by the Company with more than 50% of the shares. For handling matters related to investment companies, the Company follows the "Related Party Transaction Management Operation", "Internal Control System", "Internal Audit System", and relevant laws and regulations to implement necessary control mechanisms. (4) In order to prevent improper disclosure of information and ensure the consistency and accuracy of the Company's external information, and to prevent insider trading, the Company has established the "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" to be followed. This written operating procedure has been sent to the Company's directors and is placed on the Company's website for managers and all employees to consult at any time. In addition, the Company's board of directors passed the "Procedures for Ethical Management and Guidelines for Conduct" and "Codes of Ethical Conduct for Directors and Managers" in 2020, which require compliance with relevant regulations prohibiting insider	Complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			trading under the Company's internal regulations and Securities and Exchange Act, and are also available on the Company's website for relevant personnel to consult at any time.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The board of directors of the Company is responsible to the shareholders' meeting for the various operations and arrangements of the corporate governance system, ensuring that the board of directors exercises its powers in accordance with the regulations, Articles of Incorporation, or resolutions of the shareholders' meeting. The Company has strengthened the functions of the board of directors in Chapter 3 of its "Corporate Governance Best Practice Principles" and formulated a diversified policy. The nomination and selection of the members of the board of directors of the Company follow the provisions of the Articles of Incorporation. Independent directors are nominated through a candidate nomination system and are evaluated based on their qualifications, knowledge, skills, and qualities necessary to perform their duties. The education, experience, and diversity of concurrent positions of the Company's seven directors (including three independent directors) are also disclosed in the "Information on Directors and Supervisors" section of this year's annual report. The Company's corporate governance practice guidelines disclose the policy of diversifying the composition of the members on the Company's website and in Note 1.	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has established a Remuneration Committee and an Audit Committee, and will evaluate the need to establish other functional committees in the future.	
(3) Does the Company establish "Rules for Performance Evaluation of Board of Directors" and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) The Company regularly reviews the effectiveness of the board of directors, and on August 3, 2020, it established the "Rules for Performance Evaluation of Board of Directors" and its evaluation method, which can be referred to on page 28. The latest (2023) performance evaluation results of the board of directors are as follows: The overall average score of the self-evaluation summary of the 2023 performance evaluation was 4.895 points (out of 5 points). The details of the above-mentioned performance evaluation have been reported to the board of directors on February 22, 2024.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the Company regularly evaluate the independence of Certified Public Accountant?	V		(4) The Company's board of directors evaluates the independence of the signing accountant on an annual basis. Please refer to 4. Corporate Governance Status, 14. Evaluation of the Certified Public Accountant's independence.	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		On November 2, 2020, the Board of Directors of the Company resolved to appoint Division Director Kuo-Shu Huang as the corporate governance officer to safeguard shareholder rights and strengthen the functions of the Board. Division Director Huang has more than three years of experience as a financial executive in a publicly traded company. The main responsibilities of the corporate governance officer are to handle matters related to Board and shareholder meetings in accordance with the law, prepare Board and shareholder meeting minutes, assist directors and supervisors in appointment and continuing education, provide necessary information for directors and supervisors to carry out their duties, and assist them in complying with laws and regulations. For the corporate governance officer's continuing education status in 2023, please refer to Section 4, 8(2) of the Manager's Continuing Education. The business implementation status for the year 2023 is as follows: (1) Draft the agenda for the Board of Directors meeting and notify the directors seven days in advance, convene the meeting, provide meeting materials, and complete the minutes of the meeting within 20 days after the meeting. (2) Responsible for the disclosure of important information regarding major resolutions of the Board of Directors and shareholders' meetings, ensuring the legality and accuracy of the information to ensure equal access to information for investors. (3) Provide independent directors and general directors with information on continuing education courses and assist them in completing their continuing education plans. For the education status in 2023, please refer to Note 2. (4) Regular communication with independent directors and certified public accountants to understand the Company's financial operations. (5) Evaluate and purchase appropriate directors' and managers' liability insurance. (6) Handle shareholder meeting registration prior to the meeting date in	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			accordance with the law, prepare meeting notices, meeting handbooks, and meeting records within the statutory deadline, and handle registration matters for amendments to the Company's articles of incorporation or director elections.	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		(1) The Company has established a spokesperson and proxy spokesperson in accordance with regulations to communicate with stakeholders. Relevant major information has been disclosed in compliance with regulations on the Taiwan Stock Exchange Market Observation Post System. (2) All relevant financial and equity-related information of the Company is disclosed on its website and the Taiwan Stock Exchange Market Observation Post System. Dedicated personnel are responsible for updating the information and responding to related questions to establish a communication channel with investors. (3) The Company has established a "stakeholder's area" on its website to maintain smooth communication channels with stakeholders, including customers, shareholders, banks, employees, suppliers, communities, regulatory authorities, or other parties related to the Company's interests. The Company's internal and external websites and annual reports have relevant contact points to respond appropriately to the issues of concern to stakeholders.	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed a professional shareholder services agency, Stock Agency Department of Yuanta Securities Co., Ltd., to handle shareholder meeting affairs and other related matters.	Complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V V	 V	(1) The Company has established a corporate website where financial and corporate governance-related information is disclosed. The Company's website: www.inpaq.com.tw. (2) The Company has dedicated personnel responsible for regularly updating financial and corporate governance information and responding to related inquiries, with spokespersons and acting spokespersons responsible for communicating with stakeholders. The Company also has an "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" requiring management and employees to keep business and financial confidential information. (3) The Company's monthly operating results have been fully disclosed on the Taiwan Stock Exchange Market Observation Post System and the corporate website ahead of the statutory deadline; however, early announcements and reporting of financial reports for each period have yet to be evaluated for implementation as needed in the future.	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1)Employee benefits and employee care: The Company has established work rules in compliance with relevant labor laws and publicly disclosed them. The Company has also set up an internal website for company information dissemination, employee feedback, and to enhance employee loyalty and cohesion towards the organization. In addition, the Company has a Welfare Committee dedicated to handling various employee welfare matters. (2)Investor relations, supplier relationships, and stakeholder rights: Based on the concept of co-prosperity, the Company has maintained good and long-term interactive cooperative relationships with investors, suppliers, and other stakeholders. It provides effective communication channels and information dissemination to maintain long-term cooperation and economic operational models as the development direction. (3)Risk management policies and implementation of risk assessment standards: Various internal rules have been established in accordance with the law for various risk management and evaluation. (4)Execution of customer policies: The Company maintains stable and good relationships with customers in order to create company profits. (5)The Company's purchase of liability insurance for directors and supervisors: The Company adopted a resolution to purchase liability	No major deviation with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			insurance for its directors and supervisors in a shareholder meeting held on June 14, 2005, and a coverage limit of US$5 million was set for the year 2023.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)Strengthen the disclosure of corporate governance information, including the early release of corporate governance information; strengthen the governance structure and set up a company with a dedicated unit.				

Note 1: Policy and Implementation of Board Diversity

To strengthen corporate governance and promote the sound development of the board of directors' composition and structure, in accordance with the Company's Corporate Governance Best Practice Principles, the composition of the board of directors should take into account various needs such as the Company's operational structure, business development direction, and future trends, and should evaluate various dimensions of diversity. Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties, and the Company has established eight overall capabilities that board members should possess, all of which are taken into consideration when selecting board members.

The current board of directors of the Company is composed of seven members, including four directors and three independent directors, who possess rich experience and expertise in industries, technology, finance, and management. In addition, the Company also values gender equality in the composition of the board of directors, with a target of over 14% female directors. Currently, there are seven board members, including one female director, representing a ratio of 14.28%.

The specific management goals and achievements of its policy for diversified board composition are as follows:

Management Objectives	Status of Accomplishment
The number of independent board members exceeds one-third of the total number of board members.	Achieved
No more than one-third of the board seats should be held by directors who concurrently serve as company executives	Achieved
Sufficient diversity in professional knowledge and skills	Achieved
The target ratio of female directors is over 14%	Achieved

Policy and Implementation of Board Diversity:

Diversity Policy:	Board composition and structure										Professional Qualifications and Experience					Competency Status								
				Age				Independent directors' term of office															
Names of Directors	Nationality	Gender	Employee of the Company	41to50	51to60	61to70	71to80	Under 3 years	3-9 Years	Over 9 years	Industry	Technology	Finance	Accounting	Marketing	Operational Judgment Ability	Accounting and financial analysis	Business management	Crisis Management	Industial knowledge	Global Market Insights	Leadership	Decision-making
Walsin Technology Corp. Representative: Pei-Cheng Chen	Taiwan	Female			V						V	V	V	V	V	V	V	V	V	V	V	V	V
Walsin Technology Corp. Representative: Yu-Heng Chiao	Taiwan	Male				V					V	V	V	V	V	V	V	V	V	V	V	V	V
Walsin Technology Corp. Representative: Ming-Tsan Tseng	Taiwan	Male			V						V	V			V	V	V	V	V	V	V	V	V
Dun-Ren Cheng	Taiwan	Male				V					V	V			V	V	V	V	V	V	V	V	V
Ji-Zu Gao	Taiwan	Male				V				V	V	V	V	V	V	V	V	V	V	V	V	V	V
Teh-Fu Huang	Taiwan	Male				V			V		V	V				V	V	V	V	V	V	V	V
Po-Wei Chu	Taiwan	Male		V				V			V	V	V	V	V	V	V	V	V	V	V	V	V

Note 2: Continuing Education and Training for Directors in 2023:

Title	Name	Period of Study	Organizer	Course Name	Course Hours
Corporate Director Representative	Pei-Cheng Chen	2023/11/06	Securities and Futures Institute	Understanding Current Regulatory Oversight for Directors and Executives of Listed Companies	3
		2023/11/06	Securities and Futures Institute	The Development and Business Opportunities of ChatGPT Technology	1.5
		2023/11/06	Securities and Futures Institute	Adapting to the New Global Situation	1.5
Corporate Director Representative	Yu-Heng Chiao	2023/11/06	Securities and Futures Institute	Understanding Current Regulatory Oversight for Directors and Executives of Listed Companies	3
		2023/11/06	Securities and Futures Institute	The Development and Business Opportunities of ChatGPT Technology	1.5
		2023/11/06	Securities and Futures Institute	Adapting to the New Global Situation	1.5
Corporate Director Representative	Ming-Tsan Tseng	2023/12/15	Accounting Research and Development Foundation	Corporate Ethics and Sustainable Development	3
		2023/12/26	Securities and Futures Institute	Establishing ESG Sustainability Strategies to Enhance Competitiveness	3
Director	Dun-Ren Cheng	2023/11/09	Securities and Futures Institute	Key Tax and Securities Regulatory Issues in 2023	3
		2023/11/09	Securities and Futures Institute	Formulating Sustainable Governance Strategies under Risk Management	3
Independent Director	Ji-Zu Gao	2023/09/27	Taiwan Investor Relations Institute	Empowering the Board to Lead Sustainable Governance	3
		2023/12/08	Securities and Futures Institute	Challenges and Responsibilities of the Board under Corporate Governance Evaluation Indicators and Sustainable Action Plans	3
		2023/12/14	Securities and Futures Institute	Challenges and Opportunities in the Path to Sustainable Development and Introduction to Greenhouse Gas Inventory	3
Independent Director	Teh-Fu Huang	2023/08/04	Taiwan Corporate Governance Association	The Role of Directors and Compliance Responses to Management Challenges under Corporate Governance 3.0	3
		2023/09/26	Taiwan Corporate Governance Association	Trade Secret Risks and Management in the Digital Transformation	3
		2023/11/06	Securities and Futures Institute	Understanding Current Regulatory Oversight for Directors and Executives of Listed Companies	3
		2023/11/06	Securities and Futures Institute	The Development and Business Opportunities of ChatGPT Technology	1.5
		2023/11/06	Securities and Futures Institute	Adapting to the New Global Situation	1.5
Independent Director	Po-Wei Chu	2023/11/06	Securities and Futures Institute	Understanding Current Regulatory Oversight for Directors and Executives of Listed Companies	3
		2023/11/06	Securities and Futures Institute	The Development and Business Opportunities of ChatGPT Technology	1.5
		2023/11/06	Securities and Futures Institute	Adapting to the New Global Situation	1.5
		2023/11/27	Taiwan Insurance Institute	Challenges and Future Trends in Cybersecurity for the Insurance Industry	3
		2023/11/29	Taiwan Academy of Banking and Finance	Roadmap 2.0 for Fintech Development	3

4. Composition, Responsibilities and Operations of the Remuneration Committee:

(1) Information on Remuneration Committee Members

Identity (Note 1)	Qualification / Name	Professional Qualifications and Experience (Note 2)	Independence Analysis (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
Independent Director	Ji-Zu Gao	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has experience in various areas of electronic components and has experience in corporate management, which serves as specific management objectives. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship who have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company and the proportion is 0%; 3. Has the individual served as a director, supervisor, or employee of the Company or its affiliates: None. 4. Whether the person received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	3	
Convener, Independent Director	Teh-Fu Huang	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management capabilities. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. Does the individual, their spouse, or relatives up to the second degree of kinship hold any shares (or shares held through nominees) in the Company: None; 3. Has the individual served as a director, supervisor, or employee of the Company or its affiliates: None. 4. Whether the individual received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	0	
Independent Director	Po-Wei Chu	Please refer to section 2, 1. Information on Directors (1) for the main educational and professional experience of the director. The director has long-term experience in academia and corporate management capabilities. There are no violations of any provisions of Article 30 of the Company Act.	As an independent director, the independence criteria are met 1. Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises: None; 2. Does the individual, their spouse, or relatives up to the second degree of kinship hold any shares (or shares held through nominees) in the Company: None; 3. Has the individual served as a director, supervisor, or employee of the Company or its affiliates: None. 4. Whether the individual received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years: None.	0	

Note 1: Please specify in the table the relevant work experience, professional qualifications, and independence status of each member of the remuneration committee. If it is an independent director, please note that the information can be referred to section 2, 1. Information on Directors (1) . Please indicate whether the identity is an independent director or others (if the convener, please annotate).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the remuneration committee.

Note 3: Independent criteria: stating that the members of the compensation committee meet the independence criteria, including but not limited to whether the member, spouse, or second-degree relative holds a position as a director, supervisor, or employee of the Company or its affiliated enterprises; whether the member, spouse, or second-degree relative (or by using someone else's name) holds shares of the Company and their proportion; whether the member holds a position as a director, supervisor, or employee of a company with a specific relationship to the Company (referring to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) or has provided commercial, legal, financial, accounting or other services to the Company or its affiliated enterprises in the past two years and received remuneration for it.

(2) Implementation Status of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three members.

(2) In 2023, the Remuneration Committee held 7 (A) meetings(Three meetings are held before the election, and four meetings are held after the election), and the attendance was as follows covering the terms of the fourth committee (June 15, 2020, to June 14, 2023) and the fifth committee (June 16, 2023, to June 15, 2026).

Title	Name	No. of meetings attended in Person (B)	No. of meetings with entrusted attendance	In-person attendance rate (%) 【B/A】 (Note)	Remarks
Convener	Min-Hsiung Hong	3	0	100	Session of 4th Remuneration Committee expired dismissal
Member	Ji-Zu Gao	7	0	100	Session of 5th Remuneration Committee reappointment
Convener	Teh-Fu Huang	7	0	100	Session of 5th Remuneration Committee reappointment
Member	Po-Wei Chu	3	1	75	Session of 5th Remuneration Committee New Appointment

Discussion and Resolutions of the Remuneration Committee

Remuneration Committee	Agenda	Resolution	The Company's response to the Remuneration Committee's opinion
January 17, 2023 14th Meeting of the 4th Remuneration Committee	【Case 1】 Proposal for the Disbursement of the President's Bonus for the Second Half of 2022 and the Year-End Bonuses for Managers. 【Case 2】 Discussion on the Distribution Ratios of Employee and Director Remuneration for the Fiscal Year 2022.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
February 23, 2023 15th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the Disbursement of GK Bonuses for Managers for the Second Half of 2022.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
May 4, 2023 16th Meeting of the 4th Remuneration Committee	【Case 1】 Discussion on the Allocation of Individual Director Remuneration for the Fiscal Year 2022. 【Case 2】 Proposal for the Adjustment of Managerial Salaries for 2022, Submitted for Review.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
June 30, 2023 1st Meeting of the 5th Remuneration Committee	【Case 1】 Proposal for the Dismissal of Mr. Ming-Tsan Tseng from the Position of President, Submitted for Review.	The proposal for the dismissal of a managerial officer should not be reviewed by the Compensation Committee and is recommended to be submitted for resolution by the Board of Directors.	All directors present at the board meeting agreed and passed the resolution.

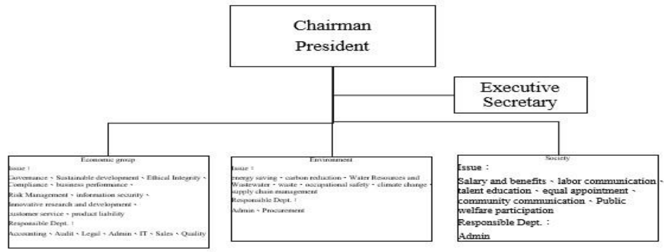
	【Case 2】 Proposal for the Appointment of Mr. Chih-Mou Hung as the President of the Company, Submitted for Review.	The proposal regarding the appointment of a managerial officer should not be reviewed by the Compensation Committee and is recommended to be submitted for resolution by the Board of Directors. There are no objections to the fixed monthly salary for Mr. Chih-Mou Hung as discussed in this proposal, and it is approved as proposed. Besides the fixed monthly salary reviewed in this proposal, Mr. Chih-Mou Hung will not receive any additional overseas salary. The company will provide a dedicated office, company car, mobile phone, and computer equipment necessary for his work. Any other compensation and rewards outside the fixed salary will be handled according to the company's salary and compensation regulations.	
July 18, 2023 2nd Meeting of the 5th Remuneration Committee	【Case 1】 To establish the "Managerial Compensation and Performance Evaluation Management Regulations" and to amend the "Director Compensation Regulations," a proposal has been submitted by Human Resources. 【Case 2】 Proposal for Salary and Compensation Adjustment for the CEO of the Company.	Members voted unanimously to approve the resolution. Members voted unanimously to approve the resolution. In the event that Mr. Dun-Ren Cheng disagrees with this compensation, the Chairman is authorized to make the final decision.	All directors present at the board meeting agreed and passed the resolution.
August 10, 2023 3rd Meeting of the 5th Remuneration Committee	【Case 1】 Discussion on the Disbursement of the President's Bonus for the First Half of 2023. 【Case 2】 Proposal for Managerial Subscription to New Shares Issued in the Company's 2023 Cash Capital Increase.	Members voted unanimously to approve the resolution.	All directors present at the board meeting agreed and passed the resolution.
October 31, 2023 4th Meeting of the 5th Remuneration Committee	【Case 1】 Discussion on the New Retirement Benefits for Former CEO Mr. Dun-Ren Cheng.	Upon consultation with all committee members, and in accordance with the decision, the payment will not be made.	The proposal is for the Board of Directors, with all attending directors' agreement, to approve the resolution following the decision of the Compensation Committee as proposed.

Other mentionable items:

1. If the board of directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, the resolution by the board of directors, and the company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

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

5. Implementation Status of Sustainable Development Promotion:

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</td><td>V</td><td></td><td>1. The Company's board of directors has approved the Sustainable Development Best Practice Principles and established the Sustainable Development Committee in October 2021, with the President as the chairman. The Sustainable Development Committee develops sustainable development policies, which are implemented and gradually integrated into the Inpaq corporate culture.


2. In response to the various dimensions of sustainable development, including environmental, social, and corporate governance, the Sustainable Implementation Committee has established specialized teams to collect stakeholder concerns on environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance, with respective departments in charge. In line with respecting the rights and interests of stakeholders, the Company has set up a "stakeholder’s area" on the corporate website to appropriately respond to important sustainable issues. A report on the implementation status and future direction of sustainable development for 2023 was presented to the Board of Directors on January 26, 2024. Additionally, quarterly reports on the greenhouse gas inventory plan and implementation status will be provided to the Board of Directors. The Company reports its implementation results to the board of directors at least once a year to enhance the board's participation in the Company's sustainable development.
3. The board of directors reviews the management team's report, and the management team must present the board with</td><td>No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			company strategies. The board of directors must evaluate the potential success of these strategies, monitor their progress on a regular basis, and urge the management team to make necessary adjustments.	
2. Does the Company conduct a risk evaluation of environmental, social, and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies?	V		1. This disclosure covers the sustainability performance of the Company's major locations from January 2023 to December 2023. The risk assessment boundary is primarily focused on the Company and includes Taiwan, mainland China, and existing locations. Subsidiaries including INPAQ Technology (Suzhou) Co., Ltd., INPAQ Technology (China) Co., Ltd., Hanan Frontier Electronics Co., Taiwan INPAQ Electronic Co., Ltd ., and ELECERAM TECHNOLOGY CO., LTD. in Taiwan are also included based on their relevance to the Company's operations and impact on major topics. 2. The Sustainable Development Committee analyzed and communicated with internal and external stakeholders based on the principle of materiality, and evaluated ESG significance issues by reviewing domestic and international research reports and literature and integrating assessment data from different departments and subsidiaries. In addition, the organization developed effective risk management policies, implemented specific action plans to mitigate the impact of relevant risks, and standardized evaluations, monitoring, and control. 3. Based on the assessed risks, relevant risk management policies or strategies have been developed. Please refer to Note 1 for more details.	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
3. Environmental Issues (1) Has the Company set an environmental management system designed for industrial characteristics? (2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V V		(1) The Company's numerous factory locations, including those in Taiwan (Zhunan, Taichung), China (Suzhou, Wuxi, and Yongzhou), and China (Suzhou, Wuxi, and Yongzhou), complied with government regulations for environmental management and obtained certification for their environmental management system (ISO 14001:2015). (2) Each plant site has a dedicated personnel responsible for overall environmental resource planning to enhance resource utilization efficiency. The Company sets energy-saving goals at the	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			beginning of each year and promotes energy-saving and carbon reduction efforts through water conservation, waste reduction, and increased energy usage efficiency. The Company also continuously educates its employees on relevant concepts.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future, and adopted relevant measures to address them?	V		(3) The Company implements the following measures: 1. Executing in accordance with the emergency response measures. 2. Conducting regular drills, inspections, and disaster prevention training. 3. Stationing personnel on duty during typhoons, earthquakes, heavy rain, and other severe weather conditions to inspect plant conditions, and providing security personnel to look after each other's safety. 4. Before typhoon season, the environmental and safety department checks and prepares sandbags. 5. The Company also pays attention to whether customers' companies or factories are affected by typhoons, hurricanes, earthquakes, heavy rains, etc. If there are any incidents, the business management unit checks their transaction volume and accounts receivable status and notifies the sales team immediately to understand their operational or disaster losses, further reducing bad debt risk. 6. To reduce greenhouse effects and minimize the impact of climate change, the Company currently uses recycled paper for packaging boxes and other materials, with suppliers providing SGS inspection reports to reduce deforestation and achieve carbon reduction goals. 7. The Company's board of directors has adopted Sustainable Development Best Practice Principles and established a Sustainable Development Committee in October 2021. The committee plans for sustainability and zero emissions under the environmental and safety department and reports directly to the President on the effectiveness of greenhouse gas management and climate change response results through regular work meetings.		

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(4) Has the Company collected data for the past two years on greenhouse gas emissions, water consumption, and total waste weight, as well as formulated policies for greenhouse gas reduction, water consumption reduction, and waste management?</td><td>V</td><td></td><td>(4)
1. Greenhouse gas emissions in the last two years
<table>
<tr><th rowspan="2">Greenhouse Gas Emission</th><th colspan="3">Taiwan Plants</th></tr>
<tr><th>Direct Emission (metric tons CO2e)</th><th>Indirect Emissions (metric tons CO2e)</th><th>Intensity of CO2 Emission (metric tons/square meter)</th></tr>
<tr><td>2021</td><td>275.74</td><td>11,518.11</td><td>0.48</td></tr>
<tr><td>2022 (Note 2)</td><td>450.23</td><td>11,730.01</td><td>0.25</td></tr>
<tr><td>2023 (Note 3)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><th rowspan="2">Greenhouse Gas Emission</th><th colspan="3">China Plants</th></tr>
<tr><th>Direct Emission (metric tons CO2e)</th><th>Indirect Emissions (metric tons CO2e)</th><th>Intensity of CO2 Emission (metric tons/square meter)</th></tr>
<tr><td>2021</td><td>209.61</td><td>17,623.61</td><td>0.20</td></tr>
<tr><td>2022 (Note 4)</td><td>756.03</td><td>13,123.68</td><td>0.19</td></tr>
<tr><td>2023 (Note 3)</td><td>-</td><td>-</td><td>-</td></tr>
</table>
The Company responds to global issues and government policies by regularly examining its greenhouse gas emissions and obtaining the ISO 14064-1 limited assurance level verification statement issued by Underwriters Laboratories Taiwan Co., Ltd. (UL). The Company follows the requirements of ISO 14064-1:2018 to classify greenhouse gas emissions into direct and indirect emissions (Scope 1 and Scope 2) based on emission sources. Direct emissions come from the use of air conditioning refrigerants, carbon dioxide fire extinguishers, emergency generators, diesel forklifts, fuel for official vehicles, and septic tanks within the factory. Indirect greenhouse gas emissions come from the purchase of electricity from power companies.
The Company also sets energy-saving goals and implementation</td><td></td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	

plans in accordance with the Bureau of Energy, MOEA and sets an annual energy-saving target. From 2015 to 2023, the average energy-saving rate was 1.87%, meeting the regulatory requirement of an average energy-saving rate of at least 1%. In terms of reducing carbon emissions, the focus is currently on reducing indirect emissions (Scope 2) of greenhouse gasses, primarily by reducing emissions from electricity use.

The Taiwan plant invested NT$2,960 thousand on energy-saving and carbon-reducing equipment in 2023. This includes installing the installation of an inverter for the 2.3F air conditioner of the second factory, the replacement of the air pressure adsorption dryer of the first factory with a heated dryer, etc. The overall advantages resulted in a savings of 266,208 kWh/year, which equates to a decrease of 135.499 metric tons of CO2e/year in carbon emissions. From 2015 through 2023, the average rate of energy savings was 1.87%. The energy-saving strategy was somewhat tweaked in 2023 to account for production and other operational issues. Zhunan Plant 1 in Taiwan has well-implemented energy-saving measures, while Zhunan Plant 2 and Plant 3 is being built to meet capacity needs. Continuous efforts will be undertaken in Plant 1 to improve energy efficiency in various energy-consuming equipment or to replace outdated energy-consuming equipment. Based on their different energy-saving situations, the energy-saving solutions will be extended to other plant locations.

The Wuxi factory introduced energy-saving and carbon-reducing equipment in 2022, including replacing old air-cooled air conditioners with energy-saving ice water machines. The total benefit has been to save 631,200 degrees of electricity per year, which is equivalent to reducing carbon emissions by 507.86 metric tons of CO2e per year.

2. Water consumption in the last two years

Taiwan Plants			
Water intake	Total water intake (million liters)	Total water discharge (million liters)	Water Consumption (million liters)
2022	133.84	114.18	19.66

Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Abstract Illustration	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
			(continued below)	

2023	152.75	131.68	21.07

China Plants (Note 5)			
Water intake	Total water intake (million liters)	Total water discharge (million liters)	Water Consumption (million liters)
2022	91.99	75.18	16.81
2023	135.09	101.26	33.83

In terms of water conservation and storage measures, some of the factories have water storage tanks and water towers available for emergency use. The Zhunan Plant has also been working hard to improve its production lines. However, because the Taiwan factory's production in 2023 will increase compared with 2022, and therefore the total water consumption will increase compared with 2022, the water-saving plan will continue to be maintained in the future. The Wuxi factory is equipped with water storage tanks and water towers, which can be used in emergencies. In terms of water conservation, wastewater recycling is used. In 2023, 7,743 tons of wastewater have been recycled, reducing wastewater discharge.

3. Total weight of waste in the last two years

Waste Output	Taiwan Plants	
	General industrial waste (metric tons)	Hazardous industrial waste (metric tons)
2022	188.80	186.17
2023	188.80	211.6

Waste Output	China Plants	
	General industrial waste (metric tons)	Hazardous industrial waste (metric tons)
2022	273.45	182.42
2023	317.63	114.16

Regarding waste management, INPAQ adheres to the principle of waste reduction and consistently enhances production processes in

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			order to reduce waste generation. Using the Zhunan Plant as an example, the power inductor electroplating line was modified to enhance the frequency of electrolyte replacement from 800 to 1,600 batches per replacement. Further enhancements were implemented in 2022 to raise the frequency of replacement to 1,900 batches per year, leading to a significant reduction in waste liquid and electroplating sludge output. However, because the Taiwan factory's production in 2023 will increase compared with 2022, and therefore the waste output will increase compared with 2022, the waste reduction plan will continue to be maintained in the future. In terms of hazardous waste, compared with 2022, the total output of the three mainland factories will be reduced by 68.264 tons. The Wuxi plant has introduced a solvent recovery machine, which can reduce the annual output of 5.4 tons of hazardous waste. At the same time, the number of solvent cleanings will be adjusted from the original 8 times to 4 times. to further reduce the amount of solvent used (currently in experiments).	
4. Social Issues (1) Has the organization formulated relevant management policies and procedures in accordance with applicable laws and international human rights conventions?	V		(1) The Company adheres to local regulations at each operational site and is committed to upholding basic human rights and protecting the legitimate rights and interests of its employees. The Company has established an employee code of conduct in accordance with relevant labor laws and provides channels for employees to express their opinions and fully understand the Company's business activities. The "Code of Ethics and Social Responsibility" is also established to protect the health and safety of employees' working environment, working conditions, workplace, and labor rights and powers, as well as work safety and compensation. In addition, the Company also provides a whistleblowing channel for employees to use. The Company has a designated person responsible for receiving reports and conducting responsible investigations, and promises to keep the whistleblower's personal information confidential. If the report is verified to be true, the Company promises not to retaliate against the whistleblower. In 2023, the Company had no records of human rights violations.	No major deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(2) Has the Company established and implemented reasonable employee welfare measures (including salary and compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary and compensation?	V		(2) The Company has established employee work rules and performance evaluation management methods, clearly defining the compensation and reward and punishment methods and implementing employee profit sharing, which conforms to corporate social responsibility. The Company conducts regular market salary surveys to ensure that the Company's overall salaries are competitive in the market. Performance bonuses are also provided based on the Company's operational performance, team goal achievement, and individual employee performance, with a minimum of 5% of profits given to employees as remuneration to motivate employees with excellent job performance. The Company is committed to achieving equal pay for equal work between men and women and promoting equal promotion opportunities, promoting sustainable and inclusive economic growth. In 2023, female employees accounted for 53%.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The Company has established a welfare committee for employees and management personnel. INPAQ Technology has introduced the ISO 45001 occupational health and safety management system to strengthen its management performance in occupational health and safety. The Company regularly holds labor safety education and training, conducts employee health checks, and cares for employees' physical and mental health to ensure their health and safety. The Company has also established an "Environment/Safety and Health Committee" to formulate safety and health work guidelines, implement safety and health management, conduct equipment safety inspections and maintenance, and hold disaster prevention drills. 1. In 2023, the disabling injury frequency of the Company was 0%, which is in line with the goal of less than 2%. After reviewing and improving the strategies, the Company immediately revised the automatic inspection items, checked the safety interlock devices of the machines, reaffirmed the Company's safety and health policies, and launched initiatives to care for the physical and mental health of employees to ensure their safety during work.	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>2. The number of people and hours of industrial safety education and training publicity for 2023
Year / No. of trainees / Training hours
2023 / 1,095 / 2,190
3. All factories and subsidiaries of the Company have obtained ISO 45001 certification.
4. The number of fires and deaths and injuries in 2023 will be 0. In accordance with the provisions of the Labor Safety and Health Law and the Fire Protection Law, the company will conduct more than one fire prevention publicity and emergency response drill in the first and second half of 2023.</td><td></td></tr>
<tr><td>(4) Has the Company established effective employee career development training programs?</td><td>V</td><td></td><td>(4) The human resources department has established an education and training policy to enhance the quality of human resources and develop strengths, and it implements it according to the training plan.In addition, supervisors understand the potential, expertise, and areas for improvement of their subordinates based on their job performance, and jointly develop training, rotation, and project development plans. The following are the education and training hours implemented in 2023:
Category of training / No. of trainees / Training hours
New Employees / 202 / 909
Professional Skills / 521 / 1,563</td><td></td></tr>
<tr><td>(5) Does the Company comply with the relevant laws and international standards regarding customer health and safety, customer privacy, the marketing and labeling of products and services, and the implementation of consumer protection and grievance policies?</td><td>V</td><td></td><td>(5) The Company adheres to relevant regulations and international standards when it comes to marketing and labeling its products and services. All marketing and labeling of products and services are in compliance with national and international regulations or according to customer requirements. To protect business information and customer privacy, the Company has established guidelines to prevent unauthorized access, alteration, or improper disclosure, thereby safeguarding customer privacy and rights.</td><td></td></tr>
<tr><td>(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental</td><td>V</td><td></td><td>(6) The Company has established a supplier management policy and requires suppliers to comply with environmental, occupational health and safety, or labor rights regulations on purchase orders</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
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<tr><td>protection, occupational safety and health, or labor rights, and what is the status of their implementation?</td><td></td><td></td><td>and contracts. In addition to signing a "Supplier Management Commitment Letter," suppliers undergo supplier evaluations to ensure their commitment to sustainable development in the supply chain. INPAQ Technology conducts regular evaluations of suppliers each year, including on-site evaluations of local manufacturing suppliers that cover quality, products, technology, environment, and other areas. If the evaluation score falls below the standard, the supplier is given a three-month deadline for improvement. Failure to complete the improvements within the deadline will result in disqualification as a supplier.
Furthermore, risk analysis data is developed based on the importance of the products provided by the supplier, delivery performance, and previous audit deficiencies to strengthen annual audit items and improve supplier performance.
<table>
<tr><td rowspan="2">Supplier</td><td colspan="2">Taiwan Plant</td><td colspan="2">Suzhou Plant</td></tr>
<tr><td>New Supplier</td><td>Qualified Suppliers</td><td>New Supplier</td><td>Qualified Suppliers</td></tr>
<tr><td>2021</td><td>21</td><td>152</td><td>20</td><td>360</td></tr>
<tr><td>2022</td><td>17</td><td>169</td><td>22</td><td>382</td></tr>
<tr><td>2023</td><td>5</td><td>159</td><td>21</td><td>403</td></tr>
<tr><td rowspan="2">Supplier</td><td colspan="2">Wuxi Plant</td><td colspan="2">Yongzhou Plant</td></tr>
<tr><td>New Supplier</td><td>Qualified Suppliers</td><td>New Supplier</td><td>Qualified Suppliers</td></tr>
<tr><td>2021</td><td>0</td><td>44</td><td>0</td><td>44</td></tr>
<tr><td>2022</td><td>2</td><td>40</td><td>1</td><td>93</td></tr>
<tr><td>2023</td><td>16</td><td>56</td><td>1</td><td>93</td></tr>
</table></td><td></td></tr>
<tr><td>5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?</td><td></td><td>V</td><td>The company released the "Sustainability Report" for the first time in 2021, which was prepared in accordance with the GRI preparation standards. In addition to disclosing the company's financial information, it also discloses the company's non-financial information and obtains a guarantee statement from a third-party verification unit, GREAT Certification.
The company's 2023 sustainability report will be published on the company's website.</td><td>In the future, it will be compiled according to the company's development needs</td></tr>
<tr><td colspan="5">6. If the Company has adopted its own sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed</td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
Companies," please describe any deviation from the principles in the Company's operations: The board of directors approved and issued the "Sustainable Development Best Practice Principles" on March 23, 2022, to assist the Company in practicing good corporate citizenship and social responsibility during its operations, and to follow the spirit of responsible business alliance codes of conduct. The organization attempts to fulfill its responsibilities by adhering to ecologically and morally acceptable principles for its impact on the natural environment, people, and society.				
7. Other important information to facilitate better understanding of the Company's promotion of sustainable development: The Company firmly believes in the impact of corporate social responsibility on the country and society. With the spirit of "Take from society, give back to society," the Company actively practices social responsibility while engaging in business operations. 1. The Company participates in the Kuan Yuan Technology Park wastewater recycling campaign and invests in the construction of cost-effective recycling equipment, in accordance with the government's policy on wastewater recycling. 2. Recyclable waste such as beverage bottles/cans and cardboard boxes are donated to Tzu Chi Foundation. 3. Donations to the PSA Charitable Foundation. 4. The Company has established cooperative relationships with Chuang-Ching Senior Industrial Home Economics and Vocational High School, Paul Hsu Senior High School, and Wan-Neng Senior&Commercial Vocational School, providing job positions for students from these schools.				

Note 1: Based on the assessed risks, developed relevant risk management policies or strategies

Risk Category	Risk Illustration	Risk Management Strategy
Sustainable Environment	Greenhouse gas emissions continue to increase	● In accordance with the Energy Management Act, from 2015 to 2024, an average annual energy saving of 1% is required to reduce energy consumption and greenhouse gas emissions.
	Wastewater discharge continues to increase	● Each factory implements water-saving measures, such as cutting water recycling and reuse, as part of the public water supply.
	Increased waste disposal/decreased recycling rates	● Continuous promotion of waste reduction, such as reducing the amount of waste generated (e.g. originally planned to replace electroplating solution after 800 batches of power inductor electroplating wire waste liquid, but after technological improvement, it was increased to 1,600 batches per replacement. In 2022, it improved and upgraded to 1900 batches per replacement). The factory will purchase a distillation recovery machine in 2023 to recycle acetone and reduce waste generation.
	Water/ electricity outages	● Water shortage: The Zhunan plant in Taiwan has a water storage capacity of 800 cubic meters, which can supply production for about two days. If the water supply is not sufficient, water trucks will be purchased for replenishment. ● Power outage: In case of a power outage, the plant has two generators to temporarily supply power to some areas.
	Violations of environmental regulations	● Risk of violating environmental regulations is reduced through monthly self-checks and annual external audits.
Employee Care	Workplace accidents	● When workplace accidents occur, internal investigations are immediately conducted and improvements are made. ● Various contingency measures are implemented according to the COVID-19 emergency response plan.

	Long working hours	● Abnormal workloads are continuously monitored to prevent disease, and employees are regularly checked for signs of overwork. The workload is appropriately adjusted in accordance with the diagnosis of the occupational physician. The current manpower allocation is examined, and more staff is recruited to share the workload.
	High turnover rate/labor shortage	● Competitive salaries and benefits are provided in a timely manner, and employees are cared for. Understanding colleagues' thoughts on the Company, achieving a balance between corporate operating costs and improving employees' loyalty to the Company. ● Increasing automation equipment to reduce labor demand and improve efficiency; using international division of labor to reduce production costs and supply local customers with timely delivery.
Operation Performance	Decrease in market competitiveness	● Strengthen research and development capabilities and production capacity, develop differentiated products, expand the complete product line, improve product stability, establish trusted partner relationships with customers, expand market share, and widen the gap with competitors. ● Expansion of economies of scale, cost reduction, and active introduction of automated production equipment. ● Improving quality standards, introducing rigorous testing and inspection, and entering the international market of major companies.
	Information security incidents	● Conduct security testing, information security health checkups, social security and information security incident drills annually. ● Strengthen the awareness of information security crises among company colleagues and the ability of information security personnel to respond effectively in the first place, to prevent and effectively detect and prevent dissemination. ● The Company publicly announces its information security policy every year and trains colleagues with information security certificates. ● Information security education and training are provided to all colleagues, with at least 2 hours per person per year.
	Customer complaints	● Obtain feedback from customers related to products and services (including HSF feedback). ● Establish specific requirements for emergency action (including HSF requirements), including production emergencies, unintentional shipment of defective products, product recalls, and other mechanisms.
	Rising raw material prices/supply chain disruption	● Maintain good interaction with suppliers and maintain close relationships to ensure a stable supply of existing sources. INPAQ Technology also actively develops new material formulations and alternative raw materials through cooperation with academic institutions to reduce dependence on high-priced raw materials. ● Supplier management: when developing materials, new material sources should be carefully evaluated, and excellent suppliers should be actively developed to avoid monopoly situations. ● Inventory management: establish a safety stock mechanism to adjust the operation of flexible production needs.

	Research and development bottleneck	● Deeply understand and grasp customer and end application needs, accelerate the development of product materials, production processes, and product applications, and strengthen technical capabilities to cope with rapid external environmental changes. ● Promote smart manufacturing, use the Internet of Things and big data analysis to improve efficiency and quality and reduce costs. ● Pay close attention to and grasp changes and dynamics in the industry, market, and customers, and respond accordingly as a reference for production, technology, and product development directions. ● Develop high-value/high-quality products, strengthen customer service, and shift from manufacturing to manufacturing services.

Note 2: The Taiwan facilities include the Zhunan headquarters and the Taichung plant. The Taoyuan plant in Taiwan was acquired in July 2022 and is not included in the disclosed data in this report.
Note 3: The greenhouse gas inventory for 2023 is scheduled to be conducted in the second half of 2024.
Note 4: The Yongzhou plant in Mainland China was acquired in 2021 and has not conducted a greenhouse gas inventory before. The greenhouse gas inventory for 2022 is scheduled to be conducted in the second half of 2023. The greenhouse gas emissions data disclosed in 2022 already included the Yongzhou plant.
Note 5: The Suzhou and Yongzhou plants in Mainland China only discharge domestic sewage, and therefore, flow meters were not installed at the discharge outlets. The total discharge volume was calculated using the total water intake value.

6. Statement of implementation for the performance of ethical corporate management and measures taken:

Evaluation Items	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company has established "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" as its policy for ethical business practices based on the "Procedures for Ethical Management and Guidelines for Conduct". This is available for the board of directors, managers, and employees to access at any time. The Company upholds the principle of integrity in its operations, and strictly prohibits bribery and other improper gains, insider trading, conflicts of interest among directors and supervisors, and regularly conducts audits to ensure compliance. The Company's website also discloses the implementation status of the integrity management policy and reports it regularly at the board of directors meeting every year.	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company has established "Procedures for Ethical Management and Guidelines for Conduct" and "Complaint and Reporting Management Regulations" for compliance. The Company conducts its operations in a fair and transparent manner, and shall not unfairly obtain benefits from stakeholders such as customers and suppliers through improper means. The Company has established a good risk management and auditing system to prevent dishonest behavior. In 2023, the Company had 310 new suppliers sign an integrity commitment agreement and 214 new employees sign a statement of commitment.	
(3) Does the Company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The Company has established the "Code of Conduct and Operating Procedures for Ethical Management" and "Employee Work Rules" to explicitly regulate unethical behavior. It has also established a reporting system, violation penalties, and complaint procedures through the "Complaint and Reporting Management Regulations." The importance of integrity is emphasized during the training of new employees. The Company has established a "Code of Ethical Conduct for Directors and Senior Managers" to regulate the conduct of stakeholders, who must abide by ethical and honest behavior in order to maintain sound corporate governance.	
2. Implement Ethical Corporate Management (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) Before engaging in any business transactions, the Company will conduct credit checks to avoid doing business with individuals who have a history of unlawful or dishonest conduct.	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors, which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(2) The Company's Human Resources Center is responsible for promoting the Company's ethical corporate management policies, and the Audit Department is responsible for auditing and supervising the Company's ethical corporate	

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			management and prevention plans. In accordance with the law, the Company has established an Audit Committee and a Remuneration Committee. Relevant meetings and audit reports have been presented to the Board of Directors for review, and the Company is constantly aware of the development of domestic and international regulations pertaining to integrity in order to enhance the efficacy of its integrity operations.	
(3) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them?	V		(3) The Company has established "Procedures for Ethical Management and Guidelines for Conduct," "Codes of Ethical Conduct for Directors and Managers," and "Procedures for Handling Material Inside Information and the Prevention of Insider Trading," which regulate the obligations of directors, managers, and employees to the Company. The Company strictly prohibits incidents of interest transfer between itself, related parties, and shareholders, and has established policies to prevent conflicts of interest and provide appropriate reporting channels that are implemented and enforced.	
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) The Company actively implements integrity operations, and the Audit Department regularly audits compliance with accounting systems, internal control systems, and relevant regulations, reporting audit results to the Board of Directors.	
(5) Does the Company regularly hold internal and external educational training on ethical corporate management?	V		(5) When training new employees, the Company emphasizes the importance of ethical corporate management and holds regular training courses on the subject. The procurement department of the Company also regularly promotes to suppliers the principles of the Company's ethical corporate management in order to eliminate dishonest business practices. In 2023, the Company conducted ethical corporate management-related training (including the	

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Procedures for Ethical Management and Guidelines for Conduct, trade secrets, anti-trust, commercial bribery, confidentiality responsibilities, anti-monopoly laws, basic concepts of signing contracts, and information security) for a total of ,302 individuals, with a total of 1,159 hours of training.	
3. Implementation status of the whistle-blowing system (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can a suitable person get in touch with the accused for follow-up?	V		(1) The Company's "Procedures for Ethical Management and Guidelines for Conduct" include a complaint reporting mailbox and in-depth investigations based on the nature of the complaints. The Company provides both online and physical reporting mailboxes for internal and external personnel to report integrity regulation violations. The Audit Department is responsible for handling and supervising the content of incidents, which, if proven true, will be punished in accordance with the regulations.	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) The Company has established "Complaint and Reporting Management Regulations", which includes standard operating procedures for investigating reported incidents, follow-up measures to be taken after investigation, and related confidentiality mechanisms. Relevant managers of the Company have the responsibility to protect the confidentiality of the parties involved when accepting reported incidents.	
(3) Does the Company provide proper informant protection?	V		(3) The Company handles complaints and reports in accordance with the "Procedures for Ethical Management and Guidelines for Conduct" and the "Complaint and Reporting Management Regulations," and promises to protect whistleblowers from retaliation as a result of reporting incidents.	
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company's website has a corporate governance section that discloses information related to ethical corporate management and discloses the content and effectiveness of the Ethical Corporate Management Best Practice Principles	No major deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			on the website.	Companies
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established "Procedures for Ethical Management and Guidelines for Conduct," and there is no deviation between the operation and the established code.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies): The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and added the "Complaint and Reporting Management Regulations" in 2023. These regulations are disclosed on the Company website for managers and employees to consult at any time. The Company strictly adheres to the concept of business integrity, prohibits bribery, insider trading, and requires Directors recusal due to conflicts of interest. The Company also ensures regular audits by audit personnel.				

7. If the Company has developed corporate governance codes and related regulations, its inquiry methods must be disclosed:
Please refer to the corporate governance section on the Taiwan Stock Exchange Market Observation Post System (https://mops.twse.com.tw) or visit the Company's website (http://www.inpaq.com.tw) for more information.

8. Other important information regarding Corporate Governance Status:

（1） The Company has a set of employee work rules as a code of conduct and ethics for employees. For other regulations, please refer to the Company's corporate governance section on the Taiwan Stock Exchange Market Observation Post System or the Company's corporate website.

（2） Manager's continuing education:

Title	Name	Date of Course	Organizer	Course Name	Hour
CEO	Dun-Ren Cheng	2023/11/09 2023/11/09	Securities and Futures Institute Securities and Futures Institute	Key Financial, Tax, and Securities Regulatory Issues in 2023 Establishing Sustainable Governance Strategies under Risk Management	3 3
President	Ming-Tsan Tseng	2023/12/15 2023/12/26	Accounting Research and Development Foundation Securities and Futures Institute	Corporate Ethics and Sustainable Development Establishing ESG Sustainability Strategies to Enhance Competitiveness	3 3
Governance Manager	Kuo-Shu Huang	2023/11/06 2023/11/06 2023/11/06 2023/11/28 2023/12/02	Securities and Futures Institute Securities and Futures Institute Securities and Futures Institute Accounting Research and Development Foundation Accounting Research and Development Foundation	Directors and Executives of Listed Companies Understanding Current Regulatory Oversight Technological Development and Business Opportunities of ChatGPT Adapting to New Global Situations Legal Responsibilities and Case Analysis Related to "Corporate Power Struggles" Impact of Global Net Zero Emissions and ESG Actions	3 3 3 3 3
Accounting Manager	Kuo-Shu Huang	2023/12/21 2023/12/26	Accounting Research and Development Foundation Accounting Research and Development Foundation	Common Internal Control Management Deficiencies in Enterprises and Practical Case Analysis Latest Policy Developments and Practical Internal Control Management Practices Related to "ESG Sustainability" and "Financial Report Self-Compilation"	6 6
Acting Accounting Manager	Yi-Fan Wu	2023/12/21 2023/12/26	Accounting Research and Development Foundation Accounting Research and Development Foundation	Common Internal Control Management Deficiencies in Enterprises and Practical Case Analysis Latest Policy Developments and Practical Internal Control Management Practices Related to "ESG Sustainability" and "Financial Report Self-Compilation"	6 6
Auditing Manager	Si-Hua Huang	2023/05/29 2023/08/15	The Institute of Internal Auditors-Chinese Taiwan The Institute of Internal Auditors-Chinese Taiwan	Practical Approaches to Auditing "Manufacturing Industry Material Systems" The Relationship between Salary Cycles and Compliance with Labor Laws	6 6

（3） The individual related to financial information transparency has obtained the relevant licenses designated by the competent authority:
The Company's internal audit manager has obtained the Internal Audit Certificate of the Republic of China, License No. 9420094, as well as the Certified Public Accountant Certificate, License No. (104)CGA-000019.

9. Implementation Status of Internal Control System:

（1）Statement of the Internal Control System)：

INPAQ Technology Co., Ltd.
Internal Control System Statement

Date: February 22, 2024

The internal control system of the Company for the fiscal year 2023 has been evaluated based on self-assessment, and hereby declare the following:

1. The Company recognizes that the establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and management. The Company has already established this system in order to achieve the goals of enhancing the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), providing reliable and timely reporting, ensuring compliance with relevant regulations and laws, and maintaining transparency.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary. However, the Company's internal control system has a self-supervision mechanism, and any deficiencies identified will be promptly corrected.
3. The Company has evaluated the effectiveness of its internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Regulations"). The regulations divide the internal control system into five components: 1. Control of Environment, 2. Risk assessment, 3. Control activities, 4. Information and Communication, 5. Monitoring activities. Each constituent element consists of multiple items. Regarding the aforementioned items, please refer to “The Regulations.”
4. The Company has adopted the above-mentioned internal control system to evaluate the effectiveness of the design and implementation of the internal control system, as well as to evaluate the quality of projects.
5. On the basis of the evaluation results described in the preceding paragraph, the Company believes that its internal control system (including the supervision and management of subsidiaries) will be effective as of December 31, 2023, in terms of understanding the effectiveness of operations and the degree of achievement of efficiency goals, the reliability, timeliness, and transparency of reports, and compliance with relevant norms and relevant laws and regulations, as well as the design and implementation of relevant internal controls.
6. This declaration will comprise the majority of the company's annual report and prospectus, and it will be made public. In accordance with Articles 20, 32, 171, and 174 of the Securities and Exchange Act, the above-mentioned disclosed content is subject to legal liability if it contains falsehoods, concealment, or other illegal conduct.
7. On February 22, 2024, the Company's board of directors approved this statement. None of the seven present directors objected to the content of this statement, and all are in agreement with it, as declared here.

INPAQ Technology Co., Ltd.

Chairman Pei-Cheng Chen

CEO Chih-Mou Hung

（2）If CPAs are engaged to review the internal control system, their report shall be disclosed: None

10. If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.
11. Major Resolutions of the Shareholders' Meeting and the Board of Directors during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

Item	Date of Meeting	Major Resolutions
Board of Directors	2023.01.17	(1) Approved the discussion on the disbursement of the President's bonus for the second half of 2022 and year-end bonuses for managers for the fiscal year 2022. (2) Approved the discussion on the distribution ratios of employee and director remuneration for the fiscal year 2022. (3) Approved the discussion on the proposal for the company to loan funds to subsidiaries. (4) Approved the discussion on the company's application to banks for credit line facilities. (5) Approved the discussion on the company's utilization of undistributed profits from the fiscal year 2021 for substantive investments. (6) Approved the discussion on the amendment of the company's "Corporate Governance Best Practice Guidelines." (7) Approved the discussion on the amendment of the company's "Procedures for Handling Material Inside Information and Prevention of Insider Trading."
Board of Directors	2023.02.23	(1) Approved the discussion on the fiscal year 2022 operating report and financial statements of the Company. (2) Approved the discussion on the fiscal year 2022 assessment of the effectiveness of the internal control system and the internal control system statement of the Company. (3) Approved the discussion on the allocation of employee and director remuneration for the fiscal year 2022 of the Company. (4) Approved the discussion on the operational plan for the fiscal year 2023 of the Company. (5) Approved the discussion on donations to the related party, "PSA Charitable Foundation". (6) Approved the discussion on the purchase of machinery and equipment by the Company's subsidiary, Inpaq Technology (China) Co., Ltd., from the related party, " rosperity Frontier Electronics (Shenzhen) Co., Ltd.". (7) Approved the discussion on the comprehensive re-election of directors of the Company. (8) Approved the discussion on the lifting of non-compete restrictions for newly appointed directors of the Company. (9) Approved the discussion on matters related to convening the annual shareholders' meeting of the Company for the year 2023. (10) Approved the discussion on matters related to the acceptance of shareholder proposals and nominations of director candidates for the Company's 2023 annual shareholders' meeting. (11) Approved the discussion on the disbursement of achievement bonuses for managers for the second half of the fiscal year 2021.
Board of Directors	2023.05.04	(1) Approved the discussion on the professional service fees for the certified public accountant for the fiscal year 2023 and the independence assessment. (2) Approved the discussion on establishing general principles for the company's pre-approval policy for non-assurance services. (3) Approved the discussion on the first-quarter financial report for the fiscal year 2023 of the Company. (4) Approved the discussion on the company's application to banks for credit line facilities. (5) Approved the discussion on the company's endorsement and guarantee for subsidiaries. (6) Approved the discussion on the proposal for the company to loan funds to subsidiaries. (7) Approved the discussion on the distribution of earnings for the fiscal year 2022 of the Company. (8) Approved the discussion on the allocation of individual director remuneration for the fiscal year 2022 of the Company. (9) Approved the discussion on the disbursement of managerial staff remuneration for the fiscal year 2022 of the Company. (10) Approved the proposal and review of the list of director and independent director candidates for the Company. (11) Approved the discussion on the company's investment in a Japanese subsidiary. (12) Approved the discussion on the amendment of certain provisions of the company's Articles of Incorporation. (13) Approved the discussion on adding items to the reasons for convening the annual shareholders' meeting of the Company for the year 2023.
Board of Directors	2023.06.16	(1) Proposal for the Election of the Chairman of the 10th Board of Directors. (2) Discussion on the Appointment of Members of the Compensation Committee.
Board of Directors	2023.06.30	(1) Proposal for the Dismissal of Mr. Ming-Tsan Tseng from the Position of President Due to a Group Job Rotation, and Proposal for the Appointment of Mr. Chih-Mou Hung as the President of the Company. (2) Proposal for Conducting Cash Capital Increase and Issuance of Common Shares, as well as the Third Domestic Unsecured Convertible Bonds Issuance for the Fiscal Year 2023.
Board of Directors	2023.07.18	(1) Discussion on the Proposal for the Company to Apply for Credit Line Facilities from Banks. (2) Discussion on the Proposal for the Company to Apply for Credit Line Facilities from Banks. (3) Proposal for the Establishment of the "Managerial Compensation and Performance Evaluation Management Regulations" and Amendments to the "Director Compensation Regulations" by Human Resources. (4) Reappointment of the CEO of the Company and Salary Adjustment Proposal.
Board of Directors	2023.08.10	(1) Discussion on the Second Quarter Financial Report for the Year 2023 of the Company. (2) Discussion on the Disbursement of the President's Bonus for the First Half of the Year 2022. (3) Discussion on the Disbursement of Achievement Bonuses for Managers for the First Half of the Year 2022. (4) Discussion on the Proposal for Managers' Subscription to New Shares Issued in the Company's Cash Capital Increase for the Year 2022. (5) Discussion on the Proposal for the Company to Apply for Credit Line Facilities from Banks.
Board of Directors	2023.10.31	(1) Discussion on the Proposal for the New Retirement Benefits for CEO Mr. Dun-Ren Cheng. (2) Discussion on the Third Quarter Financial Report for the Year 2023 of the Company. (3) Discussion on the Proposal for the Company to Apply for Credit Line Facilities from Banks. (4) Discussion on the Proposal for the Company to Loan Funds to Subsidiaries. (5) Discussion on the Audit Plan for the Fiscal Year 2024 of the Company.

Item	Date of Meeting	Major Resolutions
		(6) Discussion on the Proposal to Rehire Managers for the Zhunan and Taichung Branches of the Company. (7) Proposal for the Establishment of the "Financial and Business Related Operations Regulations among Related Parties" of the Company.
Board of Directors	2024.01.26	(1) Discussion on the Disbursement of the President's Bonus and the Year-end Bonuses for Managers for the Second Half of the Year 2023. (2) Discussion on the Allocation of Employee and Director Remuneration for the Year 2023 of the Company. (3) Discussion on the Proposal for the Company to Loan Funds to Subsidiaries. (4) Discussion on the Proposal for the Company to Utilize Undistributed Profits from the Year 2022 for Substantial Investments. (5) Discussion on the Operating Plan for the Fiscal Year 2024 of the Company. (6) Discussion on Donations to Related Parties, namely the "PSA Charitable Foundation" and the "Career Foundation".
Board of Directors	2024.02.22	(1) Discussion on the Business Report and Financial Statements for the Fiscal Year 2023 of the Company. (2) Discussion on the Change of the Auditing Firm Due to Internal Rotation and the Professional Service Fees for the Auditing Accountant for the Fiscal Year 2024, and Independence Assessment. (3) Discussion on the Evaluation of the Effectiveness of Internal Control Systems and the Internal Control System Declaration for the Fiscal Year 2023 of the Company. (4) Discussion on the Allocation of Employee and Director Remuneration for the Fiscal Year 2023 of the Company. (5) Discussion on the Disbursement of Achievement Bonuses for Managers for the Second Half of the Year 2023. (6) Proposal to Convene Matters Related to the Annual Shareholders' Meeting for the Fiscal Year 2024 of the Company. (7) Discussion on the Shareholders' Right to Propose Matters for the Annual Shareholders' Meeting for the Fiscal Year 2024 of the Company.
Board of Directors	2024.03.27	(1) Discussion on the Application for Credit Line Authorization from Banking Institutions for the Company. (2) Discussion on the Proposal for the Distribution of Profits for the Fiscal Year 2023 of the Company. (3) Discussion on the Allocation of Remuneration for Individual Directors for the Fiscal Year 2023 of the Company. (4) Discussion on the Disbursement of Remuneration for Employees and Managers for the Fiscal Year 2023 of the Company.
Board of Directors	2024.04.29	(1) Discussion on the Financial Report for the First Quarter of the Fiscal Year 2024 of the Company. (2) Proposal for the Amendment of the "Board Meeting Regulations" of the Company. (3) Proposal for the Amendment of the "Audit Committee Organization Regulations" of the Company. (4) Discussion on the Application for Credit Line Authorization from Banking Institutions for the Company. (5) Discussion on the Proposal for Providing Loans to Subsidiary Companies by the Company. (6) Proposal for the Removal of Restrictions on Managerial Competition by the Company. (7) Proposal for the Removal of Restrictions on Directorial Competition by the Company.
Shareholders meeting	2023.06.16	1. Matters for Ratification: (1) Approval of the 2022 business report and financial statements. (2) Distribution of earnings for 2022. 2. Matters for Discussion(1): Amendment of part of the Articles of Incorporation 3. Elections: The 10th term director election 4. Matters for Discussion(2): Proposal of release the prohibition on directors from participation in competitive business.

Review of the Implementation Status of the Resolution of the Shareholders' Meeting in 2023:

（1）Approval of the operating report and financial statements for the year 2023.
Implementation status: Resolution passed.

（2）Approval of profit distribution for the year 2023.
Implementation status: Resolution passed.

（3）Discussion on the amendment of certain articles of the Company's Articles of Incorporation.
Implementation status: Resolution passed and executed in accordance with the shareholders' meeting resolution.

（4）The 10th term director election.
Implementation status: The elected list is as follows:
Director：Walsin Technology Corp. Representative Yu-Heng Chiao
Director：Walsin Technology Corp. Representative Pei-Cheng Chen
Director：Walsin Technology Corp. Representative Ming-Tsan Tseng
Director：Dun-Ren Cheng
Independent Director：Ji-Zu Gao
Independent Director：Teh-Fu Huang
Independent Director：Po-Wei Chu

（5）Discussion of the removal of restrictions on competition for directors and their representatives.
Implementation status: Resolution passed and executed in accordance with the shareholders' meeting resolution.

12. If any directors or supervisors expressed disagreement with important resolutions passed by the Board of Directors during the most recent fiscal year and up to the date of printing of the annual reports and made any records or written statements regarding their disagreement, the following are the main contents of such records or statements: None.

13. Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Managers of Accounting, Finance, Internal Audit, Corporate Governance, and R&D:

Summary Table of Resignations and Dismissals of Company Personnel

April 16, 2024

Position	Name	Appointment Date	Termination Date	Reason
CEO	Dun-Ren Cheng	2015/03/17	2023/07/06	Retirement
President	Chih-Mou Hung	2023/07/01		Change in position
President	Ming-Tsan Tseng	2015/03/17	2023/06/30	Change in position

14. Auditor's Independence Evaluation:

The Audit Committee annually evaluates the independence and suitability of the Company's appointed accountants. In addition to requesting that the accountants provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)", the evaluation is based on the criteria outlined in Note 1 and 13 AQIs. It has been confirmed that the accountants and their firms have no financial interests or business relationships other than the fees for auditing and taxation services provided to the Company. The independence requirements are also not violated by the accountants' family members. Furthermore, based on the information from AQI indicators, it has been verified that the accountants and their firms have superior auditing experience and training hours compared to the industry average. Additionally, in the past three years, they have continuously adopted digital audit tools to enhance audit quality. The most recent annual evaluation results were discussed and approved by the Audit Committee on February 22, 2024, and subsequently submitted to the Board of Directors for resolution on the same date. This process included an assessment of the independence and suitability of the auditors.

INPAQ Technology Co., Ltd.

Certified Public Accountant's Independence Evaluation

2023

Evaluation of the Certified Public Accountant: Accountants Hai-Ning Huang, Wan-Yuan You of KPMG Taiwan

Evaluation items are developed in accordance with Article 47 of the "Certified Public Accountant Act" and Article 10 of the "Code of Ethics for Certified Public Accountants," "Integrity, Objectivity, Independence, and Professional Behavior."

Independence Evaluation Item	No (Normal)	Yes (Abnormal)	Note
1. Currently employed by the Company for regular work, receiving a fixed salary, or serving as a director or supervisor.	V		
2. Previously served as a director, supervisor, executive, or held a position with significant influence on audit matters in the Company, and have not been separated from such position for less than two years.	V		
3. Have a relationship of spouse, direct blood relation, direct in-law relation, or second-degree blood relation with the Company's responsible person or executive.	V		
4. Have an investment or financial interest sharing relationship with the Company, either personally or through their spouse or minor children.	V		
5. Have a financial borrowing or lending relationship with the Company, either personally or through their spouse or minor children.	V		
6. Engage in management consulting or other non-audit activities that may affect independence.	V		
7. Violate regulations that prohibit accounting firms from rotating, handling accounting matters on behalf of others, or engaging in other activities that may affect independence as stipulated by the competent authority for business events.	V		

Conclusion: After evaluating the independence assessment criteria, it is determined that both accountants Hai-Ning Huang, Wan-Yuan You from KPMG Taiwan meet the Company's independence assessment standards and are suitable to serve as the auditors for the Company's financial statements.

(The attachment is provided separately for the above table.)

5. Accountant Fees for Certified Public Accountants:

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Note
KPMG Taiwan	Hai-Ning Huang/ Wan-Yuan Yu	2023.01.01~2023.12.31	3,630	879	4,509	

1. If the audit fees paid for the current year after changing the accounting firm and changing the annual audit fees are less than the previous year, the before-and-after audit fees and the reasons for the change should be disclosed: None.
2. If the audit fees have decreased by more than 10% compared to the previous year, the amount, proportion, and reasons for the decrease in audit fees should be disclosed: None.
3. The non-audit fees mainly consist of a business tax certification fee of NT$570 thousand, and other fees amounting to NT$309 thousand.

6. Change of Accountants：None

7. The Employment of the Company's Chairman, President, Financial or Accounting Manager with the Firm of the Auditing CPA or its Affiliated Businesses in the Past Year, shall disclose the job title, name, and the accounting firm of the CPA or its affiliated companies: None.

8. Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report:

1. Shareholding Changes of Directors, Managers and Major Shareholders

Unit: thousand shares

Title	Name	2023		As of April 16, 2024	
		Shareholding Increase (Decrease)	Pledged Share Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Share Increase (Decrease)
Chairman	Walsin Technology Corp.	3,934	-	-	-
Corporate Director Representative	Pei-Cheng Chen	98	-	-	-
Director	Walsin Technology Corp.	3,934	-	-	-
Corporate Director Representative	Yu-Heng Chiao	20	-	-	-
Director	Walsin Technology Corp.	3,934	-	-	-
Corporate Director Representative	Ming-Tsan Tseng	(440)	-	(9)	-
Director (Note 5)	Dun-Ren Cheng	(17)	-	(165)	-
Independent Director	Ji-Zu Gao	-	-	-	-
Independent Director (Note 1)	Min-Hsiung Hong	-	-	-	-
Independent Director (Note 2)	Po-Wei Chu	-	-	-	-
Independent Director	Teh-Fu Huang	-	-	-	-
Major Shareholder	Walsin Technology Corp.	3,934	-	-	-
President (Note 3)	Ming-Tsan Tseng	(440)		(9)	
President (Note 4)	Chih-Mou Hung	30	-	-	-
Vice President	Chi-Lung Chang	31	-	-	-
Vice President	Jen-Chieh Hsu	28	-	-	-
Head of Financial and Accounting Center	Kuo-Shu Huang	10	-	-	-

Note 1: Mr. Min-Hsiung Hong's was term expired on June 16, 2023, and he was relieved of his duties.
Note 2: Mr. Po-Wei Chu assumed office on June 16, 2023.
Note 3: Mr. Ming-Tsan Tsengs was relieved of his duties on June 30, 2023.
Note 4: Mr. Chih-Mou Hung assumed office on July 1, 2023.
Note 5: Mr. Dun-Ren Cheng, Director and CEO, resigned from his position on July 6, 2023.

2. Shares Trading with Related Parties: None

3. Shares Pledge with Related Parties: None

9. Relationships Among the Top 10 Shareholders:

April 16, 2024; Unit: Shares

Name	Current Shareholding		Shareholdings of the spouse and minor children		Shares held through nominees		The shareholding ratio accounts for the top ten shareholders, and they are relatives or spouses, information on the relationship within the second degree of relatives		Note
	Shares	%	Shares	%	Shares	%	Name	Relation-ship	
Walsin Technology Corp.	51,782,658	34.76	-	-	-	-	None	None	
Walsin Technology Corp. Representative: Yu-Heng Chiao	20,000	0.01	-	-	-	-	None	None	
Tai Feng Shi Co., Ltd.	7,800,759	5.24	-	-	-	-	None	None	
Tai Feng Shi Co., Ltd.Representative: Cheng-Han Tao	-	-	-	-	-	-	None	None	
Jia Yuan Investment Co., Ltd.	2,673,000	1.79	-	-	-	-	None	None	
Jia Yuan Investment Co., Ltd. Representatives: Su-Chiu Wu	-	-	-	-	-	-	None	None	
Dun-Ren Cheng	1,314,606	0.88	72,462	0.05	-	-	Chao-Kai Cheng	Father-Son	
Kuan-Chou Lai	1,196,000	0.80	-	-	-	-	None	None	
J.P. Morgan Chase Bank Taipei Branch, entrusted to custody by Central Short-term Investment Co., Ltd.	1,108,000	0.74	-	-	-	-	None	None	
Wei-Fu Wang	890,000	0.60	-	-	-	-	None	None	
Citibank (Taiwan) entrusted to custody by UBS Europe SE Investment Portfolio	843,634	0.57	-	-	-	-	None	None	
Hung-Sheng Chen	814,000	0.55	-	-	-	-	None	None	
Fubon Investment Management Consulting Co., Ltd.	812,661	0.55	-	-	-	-	None	None	
Fubon Investment Management Consulting Co., Ltd. Representative: Chao-Kai Cheng	1,000	0.00	-	-	-	-	Dun-Ren Cheng	Father-Son	

10. The Company, its directors, supervisors, managers, and businesses controlled directly or indirectly by the Company must disclose their respective shareholdings in the Re-invested businesses and calculate the total shareholding percentage through consolidation.

March 31, 2024; Unit: shares

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Inpaq(BVI)Ltd.	39,908,842	100.00%	-	-	39,908,842	100.00%
Inpaq Korea Co.,Ltd.	76,828	44.77%	-	-	76,828	44.77%
Inpaq USA	5,000,000	100.00%	-	-	5,000,000	100.00%
Inpaq Europe GmbH	38,000	19.00%	-	-	38,000	19.00%
Canfield Ltd.	600,000	100.00%	-	-	600,000	100.00%
Yangtze Energy Technologies, Inc.	311,097	19.89%	-	-	311,097	19.89%
Eleceram Technology Co., Ltd.	8,747,750	72.90%	-	-	8,747,750	72.90%

Note: It is a long-term investment of the Company.

4. Capital Overview

1. Capital and Shares

1. Source of Capital

April 16, 2024 Unit: shares; NT$

Month/ Year	Par Value (NT $)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
06/1998	10	24,000,000	240,000,000	6,000,000	60,000,000	Capital Establishment	None	
09/1998	10	24,000,000	240,000,000	18,000,000	180,000,000	Capital Increase	None	September 28, 1998, No. (87) Certificate No. 130354
10/1999	10	50,000,000	500,000,000	30,500,000	305,000,000	Capital Increase	None	October 2, 1999, No. (87) Certificate No. 135831
09/2000	10	50,000,000	500,000,000	40,000,000	400,000,000	Capital Increase	None	July 18, 2000, No.:(89) Tai-Cai-Certificate(1) No.60064
04/2001	10	70,000,000	700,000,000	47,845,748	478,457,480	Increase in capital through retained earnings and capital surplus	None	May 22, 2001, No.:(90)Tai-Cai-Certificate(1) No.131764
08/2004	10	70,000,000	700,000,000	53,586,748	535,867,480	Capital Increase	None	April 30, 2004, No.: (93)Tai-Cai-Certificate(1) No.0930116127
10/2005	10	70,000,000	700,000,000	56,486,748	564,867,480	Consolidated capital increase	None	September 19, 2005, No.: Jin-Guan-Certificate-1 No.0940139268
02/2006	10	70,000,000	700,000,000	60,586,748	605,867,480	Capital Increase	None	December 07, 2005, No.: Jin-Guan-Certificate-1 No.0940005753
09/2006	10	100,000,000	1,000,000,000	65,257,821	652,578,210	Increase in capital through retained earnings and capital surplus	None	June 30, 2006, No.: Jin-Guan-Certificate-1 No.0950127708
11/2006	10	100,000,000	1,000,000,000	67,164,021	671,640,210	Issuance of new shares via employee stock options and unsecured convertible corporate bonds.	None	November 17, 2006, Yuan-Shang-Certificate No. 0950030361
04/2007	10	100,000,000	1,000,000,000	67,951,021	679,510,210	Issuance of employee stock option for common stock	None	April 23, 2007, Yuan-Shang-Certificate No. 0960009696
10/2007	10	150,000,000	1,500,000,000	73,549,084	735,490,840	Capital increase via retained earnings and capital surplus, issuance of new shares through employee stock option conversions.	None	October 12, 2007, Yuan-Shang-Certificate No. 0960026923
10/2007	10	150,000,000	1,500,000,000	74,850,147	748,501,470	Issuance of new shares through the conversion of employee stock options and unsecured convertible corporate bonds.	None	November 29, 2007, Yuan-Shang-Certificate No. 0960031817
01/2008	10	150,000,000	1,500,000,000	94,850,147	948,501,470	Private placement of new shares	None	January 3, 2008, Yuan-Shang-Certificate No. 0960035261
03/2008	10	150,000,000	1,500,000,000	95,063,118	950,631,180	Issuance of new shares through the conversion of employee stock options and unsecured convertible corporate bonds.	None	March 17, 2008, Yuan-Shang-Certificate No. 0970006561
05/2008	10	150,000,000	1,500,000,000	95,152,118	951,521,180	Issuance of employee stock option for common stock	None	May 22, 2008, Yuan-Shang-Certificate No. 0970013217
07/2008	10	150,000,000	1,500,000,000	95,280,118	952,801,180	Issuance of employee stock option for common stock	None	July 25, 2008, Yuan-Shang-Certificate No. 0970020159
08/2008	10	150,000,000	1,500,000,000	94,177,118	941,771,180	Reverse stock split via treasury stock retirement	None	August 27, 2008, Yuan-Shang-Certificate No. 0970024055
10/2008	10	150,000,000	1,500,000,000	101,552,025	1,015,520,250	Increase in capital through retained earnings and capital surplus	None	October 8, 2008, Yuan-Shang-Certificate No. 0970027894
11/2008	10	150,000,000	1,500,000,000	98,246,025	982,460,250	Reverse stock split via treasury stock retirement	None	November 18, 2008, Yuan-Shang-Certificate No. 0970031196
12/2008	10	150,000,000	1,500,000,000	98,259,025	982,590,250	Issuance of employee stock option for common stock	None	December 9, 2008, Yuan-Shang-Certificate No. 0970034263
10/2009	10	150,000,000	1,500,000,000	102,989,727	1,029,897,270	Capital increase through capital surplus via new share issuance	None	October 13, 2009, Commercial Affairs Bureau Document No. 09801236190
06/2011	10	150,000,000	1,500,000,000	99,344,727	993,447,270	Reverse stock split via treasury stock retirement	None	June 1, 2011, Commercial Affairs Bureau Document No. 10001113170
04/2014	10	150,000,000	1,500,000,000	100,003,922	1,000,039,220	Conversion of convertible corporate bonds into new share issuance	None	April 3, 2014, Commercial Affairs Bureau Document No. 10301056180
08/2014	10	150,000,000	1,500,000,000	101,493,678	1,014,936,780	Conversion of convertible corporate bonds into new share issuance	None	August 27, 2014, Commercial Affairs Bureau Document No. 10301173380
11/2014	10	150,000,000	1,500,000,000	102,439,606	1,024,396,060	Conversion of convertible corporate bonds into new share issuance	None	November 21, 2014, Commercial Affairs Bureau Document No. 10301243050
04/2015	10	150,000,000	1,500,000,000	102,482,450	1,024,824,500	Conversion of convertible corporate bonds into new share issuance	None	April 13, 2015, Commercial Affairs Bureau Document No. 10401061370
08/2015	10	150,000,000	1,500,000,000	102,558,254	1,025,582,540	Conversion of convertible corporate bonds into new share issuance	None	August 20, 2015, Commercial Affairs Bureau Document No. 10401176110
06/2018	10	150,000,000	1,500,000,000	147,558,254	1,475,582,540	Private placement cash capital increase	None	June 28, 2018, Commercial Affairs Bureau Document No. 10701071240
10/2019	10	300,000,000	3,000,000,000	140,180,341	1,401,803,410	Cash capital decrease	None	October 9, 2019, Commercial Affairs Bureau Document No. 10801136820
10/2023	10	300,000,000	3,000,000,000	148,980,341	1,489,803,410	Cash capital increase	None	October 23, 2023, Commercial Affairs Bureau Document No. 11230190370

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Nominal Common Stock	148,980,341	151,019,659	300,000,000	

Information for Shelf Registration: None.

2. Status of Shareholders

April 16, 2024 Unit: shares

Item \ Status of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	3	233	34,701	78	35,015
Shareholding	0	850,000	66,270,809	75,450,144	6,409,388	148,980,341
Shareholding percentage (%)	0	0.57	44.48	4.30	50.65	100.00

3. Shareholding Distribution Status

April 16, 2024 Unit: Shares

Shareholding Tiers	No. of Shareholders	Shareholding	Shareholding Ratio (%)
1 to 999	19,742	911,241	0.61
1,000 to 5,000	12,832	23,254,968	15.61
5,001 to 10,000	1,293	10,114,557	6.79
10,001 to 15,000	371	4,682,142	3.14
15,001 to 20,000	222	4,032,169	2.71
20,001 to 30,000	212	5,364,269	3.60
30,001 to 40,000	84	3,021,477	2.03
40,001 to 50,000	63	2,910,848	1.95
50,001 to 100,000	107	7,557,645	5.07
100,001 to 200,000	46	6,496,541	4.36
200,001 to 400,000	25	7,320,889	4.91
400,001 to 600,000	7	3,379,219	2.27
600,001 to 800,000	1	699,058	0.47
800,001 to 1,000,000	4	3,360,295	2.26
1,000,001 or over	6	65,875,023	44.22
Total	35,015	148,980,341	100.00

4. List of Major Shareholders

List all shareholders with a stake of 5% or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list:

April 16, 2024 Unit: shares

Shares / Name of Major Shareholders	Shareholdings	Shareholding Ratio (%)
Walsin Technology Corp.	51,782,658	34.76%
Tai Feng Shi Co., Ltd.	7,800,759	5.24%
Jia-Yuan Investment Co., Ltd.	2,673,000	1.79%
Dun-Ren Cheng	1,314,606	0.88%
Guan-Zhou Lai	1,196,000	0.80%
J.P. Morgan Chase Bank, N.A., Taipei Branch, has been appointed as the custodian for the investment account of Central Short-Term Investment Corporation.	1,108,000	0.74%
Nong-Fu Wang	890,000	0.60%
Citibank Taiwan Ltd. has been appointed as the custodian for the investment account of UBS Europe SE.	843,634	0.57%
Hong-Sheng Chen	814,000	0.55%
Fu Kai Investment and Consultation Co., Ltd.	812,661	0.55%

5. Market price, net worth, earnings, and dividends per share in the last two years

Unit: shares; NT$

Year / Item			2022	2023	As of May 3, 2024 (Note 6)
Market Price per Share	Highest		76.60	91.90	90.80
	Lowest		38.60	45.40	72.10
	Average		52.94	61.13	81.40
Net worth per share (Note 1)	Before Distribution		41.54	45.93	48.53
	After Distribution		39.84	44.23 (Note 7)	–
Earnings per share	Weighted Average (thousand) Shares		140,136	142,828	–
	Stock Dividends (Note 2)	Diluted Earnings Per Share	4.22	5.01	–
		Adjusted Diluted Earnings Per Share	4.22	5.01	–
Dividends per Share	Cash Dividends (NT$)		1.7	2 (Note 7)	–
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	–	–	–
		Stock Dividends Appropriated from Capital Reserve	–	–	–
	Accumulated Undistributed Dividends		–	–	–
Return on Investment	Price / Earnings Ratio (Note 3)		12.55	12.20	–
	Price / Dividend Ratio (Note 4)		31.14	30.57 (Note 7)	–
	Cash Dividend Yield Rate (Note 5)		3.21%	3.27% (Note 7)	–

Note 1: Fill in based on year-end issued shares and next year's shareholder-approved distribution.
Note 2: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.
Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 6: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 7: The proposed dividend for 2023 is intended to distribute cash of NT$2 per share from retained earnings. The shareholders meeting has not yet approved these proposals.

6. Dividend Policy and Implementation Status:

Item	Description
Dividend Policy of the Company	If the Company has a surplus in its annual financial statements, it should first pay taxes and offset accumulated losses. Then, it should set aside 10% of the surplus as legal reserve until the legal reserve reaches the paid-up capital of the Company. Any remaining surplus should be allocated according to relevant laws and regulations or converted into a special surplus reserve. If there is still a balance, the board of directors will propose a surplus distribution plan to the shareholders' meeting for approval of shareholder dividends. Given the Company's presence in an industry characterized by constant changes, being capital and technology-intensive, and being at a stage of stable growth in its business lifecycle, it is necessary to retain earnings to meet the funding requirements for operational growth and investments. Therefore, the Company currently adopts a residual dividend policy. Cash dividends distributed to shareholders shall not be less than 10% of the total distribution amount mentioned in the previous paragraph.
Proposed Dividend Distribution for Shareholders' Meeting	As approved by the Board of Directors on March 27, 2024, the following proposal will be submitted to the shareholders' meeting: It is proposed to distribute a cash dividend of NT$297,960,682 from 2023's undistributed earnings, with each share receiving NT$2 in cash.
When there are significant changes expected in the dividend policy, it should be explained.	No significant changes.

7. The impact of the bonus shares proposed at this shareholders' meeting on the Company's operating performance and earnings per share: None.

8. Bonuses of Employees, Directors and Supervisors:

Item	Description
(1) Percentage or range of employee compensation and director remuneration specified in the Articles of Incorporation:	If the Company earns profits in a fiscal year, it should allocate no less than 5% for employee remuneration. The board of directors will decide whether to make the distribution in the form of stock or cash. The recipients of such distributions may include employees of subsidiary companies who meet certain conditions. The Company should allocate no more than 3% of the aforementioned profit amount for director remuneration, as determined by the board of directors. However, if the Company has accumulated losses, an amount should be reserved in advance for offsetting those losses, and the remaining amount should be allocated according to the aforementioned proportions. The distribution of employee remuneration and director remuneration should be subject to a special resolution by the board of directors and presented to the shareholders' meeting for approval.
(2) Accounting treatment of differences between the estimated amount of employee and director remuneration for the current period, the calculation basis for employee compensation paid in stocks, and the actual amount of distribution:	In 2023, the Company generated a pre-tax profit of NT$790,618,200. After deducting the reserved amount for offsetting accumulated losses, the decision was made to allocate 5% for employee remuneration, amounting to NT$40,753,515, and to allocate 2% for director remuneration, amounting to NT$16,301,406. The calculation basis for distributing shares is determined based on the closing price of the trading day preceding the shareholders' meeting, taking into account the impact of ex-dividend and ex-rights dates. However, the Board of Directors decided not to distribute shares in the current period on February 22, 2024. If there are differences between the actual distribution amount and the estimated amount, it will be considered a change in accounting estimate and included in the income statement of the following fiscal year.

Item	Description
(3) Board resolution on the distribution of remuneration: 1. The amount of employee compensation and director remuneration distributed in cash or stocks (if there is a difference between the estimated amount of recognized expenses and the actual amount of distribution, the difference, reasons and treatment shall be disclosed):	On February 22, 2024, the Board of Directors passed a resolution to allocate 5% for employee remuneration, amounting to NT$40,753,515, and to allocate 2% for director remuneration, amounting to NT$16,301,406. The actual distribution amounts for both employee and director remuneration are consistent with the estimated amounts. All the aforementioned employee and director remuneration were disbursed in cash.
2. Ratio of employee compensation paid in stocks to the post-tax net income and total employee compensation in the current individual financial report:	None.
(4) The previous year's actual distribution of employee, director, and supervisor remuneration (including the number of shares allocated, amount, and stock price), as well as any variances from the recognition of employee, director, and supervisor remuneration, should be described. Any differences in the deviation, causes, and handling procedures must be specified.	On February 23, 2023, as per the resolution of the Board of Directors, the Company distributed employee remuneration in cash amounting to NT$37,004,455 and director remuneration in cash amounting to NT$14,801,782. The actual distribution amounts are consistent with the proposed distribution that the Board of Directors approved.

9. Buyback of Treasury Stock: None.

2. Corporate Bond:

(1) Corporate Bonds：

Corporate Bond Type	3rd Unsecured Corporate Bonds
Issue date	December 14, 2023
Denomination	NT$100,000
Issuing and transaction location	R.O.C
Issue price	Issue by denomination
Total price	NT$700,000,000
Coupon rate	0%
Tenor	3 years Maturity:December 14, 2026
Guarantee agency	N/A
Consignee	Taishin International Bank Co., Ltd
Underwriting institution	Taishin Securities Co.,Ltd.
Certified lawyer	Handsome Attorneys-at-Law Chiu, Ya-Wen
CPA	Hai Ning Huang Wan Yuan Yu.
Repayment method	Except for bondholders who convert to the Company's common stock in accordance with Article 10 of the conversion plan, or bonds redeemed early by the Company in accordance with Article 18 of the conversion plan, or bonds repurchased early by bondholders in accordance with Article 19 of the conversion plan, or bonds repurchased and cancelled by the Company from the securities firm's business premises, the Company will repay the principal amount of the convertible bonds in cash in a lump sum upon the

	maturity of the bonds.
Outstanding principal	NT$700,000,000
Terms of redemption or advance repayment	Please refer to the conversion method of our company's 3rd unsecured corporate bond with Article 18
Restrictive clause	N/A
Name of credit rating agency, rating date, rating of corporate bonds	N/A
Other rights attached: As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	As of the printing date of the annual report, no conversion has been made
Other rights attached: Issuance and conversion (exchange or subscription) method	Please refer to the issue and conversion method of our company's 3rd unsecured corporate bond
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	No significant impact
Transfer agent	N/A

（2）Convertible Bonds

Corporate bond type		3rd Unsecured Corporate Bonds	
Item / Year		2023	As of the printing date of this annual report (May 8, 2024)
Market price of the convertible bond	Highest	119.50	124.00
	Lowest	114.55	110.20-
	Average	116.41	117.41
Convertible Price		92	
Issue date and conversion price at issuance		Issue Date: December 14, 2023 Conversion price at issuance：NT$92	
Conversion methods		Issuing of new stocks	

3. Preferred Shares: None.
4. Overseas Depositary Receipts: None.
5. Employee Stock Options: None.
6. Issuance of restricted share for employees: None.
7. Issuance of New Shares for Merger, Acquisition or Exchange of Other Companies' Shares: None.
8. Financing Plans and Implementation:

(1) Contents of Plan：

1. Fundraising Plan： In December 2023, the Company conducted its third domestic issuance of unsecured convertible bonds, raising NT$700 million, with each bond having a face value of NT$100,000. The bonds have a three-year term and a 0% interest rate. This issuance was approved by the Financial Supervisory Commission of the Republic of China (Taiwan) via letter No. 11203495421 dated August 4, 2023. Additionally, the issuance was approved for extension by the Financial Supervisory Commission via letter No. 1120359125 dated October 26, 2023, and the fundraising was completed on December 14, 2023.

2. Planned project and progress of funds

Unit ：NT$ thousands

Item	Scheduled Finish date	Total Amount of Funds Required	Planned Schedule for Fund Utilization
			2023
			Fourth Quarter
Repayment of Bank Loans	2023 Fourth Quarter	700,000	700,000

5. Operations Profile

1. Business Scope

1. Main areas of business operations

(1) Main Business Scope

The main areas of the business:

CC01080 Electronics Components Manufacturing

Research, development, production, manufacturing, and sales of the following products:

(1) Protection Components and Magnetic Components: Electromagnetic shielding components, overvoltage protection components, overcurrent protection components, high-frequency inductors, power inductors.

(2)Microwave Composite Micro Antennas and Modules: Multi-band Miniaturized Automotive Antennas, GPS Satellite Antennas and Modules, Bluetooth Antennas, WiFi/WiFi 6E Antennas, 2G/3G/4G/5G Antennas, DMB Antennas, DVB Antennas, UWB Antennas, SDARS/XM Antennas, NFC Antennas, FR1/FR2 Antennas, Chip Antennas, External Antennas, Customized Antennas, Tuner Antennas, Wireless Charging and its application modules.

(2) Current product (service) of the Company:

(1) High Frequency Component

(2) Protection Components and Magnetic Components:

(3) Operating ratio (consolidated):

Year / Product Type	2023
High Frequency Component	54.45%
Protection Component	45.55%

(4) New products (services) planned to be developed:

(1) High-precision Multi-band Positioning Antenna

(2) 5G Array Antenna Module

(3) 5G FR1-CPE Antenna Module

(4) Inductive Smart Adjustable Antenna

(5) Diplexer/Triplexer Antenna

(6) 5G IDU/ODU Antenna

(7) ESD GuardTM

(8) Next-Generation Ultra-Compact Alloy Power Inductor

(9) Miniaturized Multilayer Electromagnetic Components

(10) WPC QI 1.3 Version TX Module

2. Industry overview

(1) Industry Status and Development

The Company's primary business is the research, development, and manufacture of protective components such as electromagnetic protection (EMI), overvoltage protection (OVP), and overcurrent protection (OCP), as well as power inductors, common-mode filters, and high-frequency components. The products primarily apply to mobile phones, laptops, tablets, GPS, wearable devices, WLAN, wireless charging, and Bluetooth modules in the consumer electronics, information and communication industries, and niche automotive electronics industries. Current industry status, industry characteristics, and future growth trends are analyzed below:

(1) High Frequency Component

Antennas are conductors that act as an intermediate conductor between wireless radio waves propagating over space and electric currents flowing through metallic conductors. They convert voltage and current, transmit and receive electromagnetic energy, and change the dispersion of electromagnetic waves in space.

In contrast to traditional antennas, which are more concerned with hardware performance, the antenna business has increasingly entered an era in which performance is boosted through software and algorithm frameworks. It primarily evolves in response to technological and product improvements. In recent years, various testing requirements prior to the commercialization of 5G networks, widespread adoption of Internet of Things (IoT) and artificial intelligence (AI) applications, and the rise of highly automated vehicles have increased emphasis on high-frequency and smart antennas that can improve signal transmission speed, capacity, and coverage. These applications are regarded as critical components of commercialization. As a result, the future of the antenna industry will continue to focus on developing intelligent products, with major demand coming from fields such as IoT, automotive electronics, and 5G mobile communications:

– IoT (Internet of Things): According to an article on "RF Technology for IoT" published by the Taiwan Electromagnetic Industry-Academia Alliance, antenna technologies such as RFID (Radio Frequency Identification), NFC (Near Field Communication), sensors, and sensor networks, which are required for IoT, have become increasingly mature. Combined with the maturity and ongoing development of mobile communication and internet services towards cloud-based and optimized services, IoT has become one of the hot topics in antenna applications. Its application scope includes: industrial applications (Industrial IoT), consumer electronic products, remote healthcare, smart homes, etc. The market demand for related wireless communication devices and modules is steadily growing.

– Automotive Electronics and connected cars: The global automotive industry has entered an era of information-based competition. Vehicle bodies and in-vehicle electronics, which previously relied on industrial technology and mechanical structures, have now shifted towards intelligent applications. In this trend, the market for automotive electronics related to autonomous vehicles and connected cars is rapidly expanding, driving opportunities in the antenna market. Taoglas Limited, an antenna technology supplier based in Ireland, has pointed out that the number of antennas in automobiles is exponentially increasing. With the advent of the 5G network era, next-generation vehicles will require at least 18 antennas to possess safe and reliable autonomous driving capabilities.

In addition to smart vehicles equipped with the latest automotive electronics, the "systems" and "platforms" behind the vehicles have become major focal points. The utilization of IoT technology in the transportation sector, the integration of vehicle information and mobile networks, and the provision of intelligent management services such as traffic safety, city management, logistics, and smart tolling through backend platforms have become key development focuses of the concept of "connected cars." Due to the booming development of connected cars, the proportion of new vehicles on the market with connectivity capabilities continues to increase. Furthermore, with the finalization of the 5G Release 16 standard's third phase, more comprehensive support for various industries is being planned for the future. Autonomous driving is one of the objectives, indicating that the applications of connected cars will expand further. According to research by the international research and advisory firm Gartner, connected cars will not only be one of the top ten wireless technology trends in the future but are also predicted to become the largest market for 5G by 2023, reaching a 94% share by 2028. This trend has prompted industry players to accelerate their investments in connected car devices and the development of new products that integrate navigation, safety, entertainment, and other integrated in-vehicle communication systems. The demand for automotive antennas is expected to grow alongside these developments.

– 5G Mobile Communications: 5G Mobile Communications: Since the advent of smartphones, the number of smartphone users has grown significantly, driving rapid growth in mobile network traffic. According to Ericsson's "Mobility Report" in November 2021, mobile network traffic has grown nearly 300 times in the past decade. With the introduction of 5G, it is estimated that by 2027, the number of 5G users worldwide will surpass that of 4G users, reaching 4.4 billion. Various distance applications, cloud gaming, the virtual worlds of the metaverse, and other innovative services will further drive a fourfold increase in global monthly data traffic.

The 5G network is set to become the fastest-deployed mobile communication technology in global history. With the high demand for 5G infrastructure construction in mainland China and North America surpassing expectations and the rapid decline in prices of 5G terminal devices, Ericsson's report indicates that by the end of 2021, the global coverage of 5G networks will reach over 2 billion people, and the number of global 5G users will reach 660 million.

The report also suggests that by 2027, 5G is expected to dominate global mobile network technology. At that time, the number of 5G users will reach 4.4 billion, surpassing the number of 4G users and accounting for approximately 50% of global mobile users. It is projected to cover around 75% of the global population and carry 62% of global smartphone traffic.

Mobile manufacturers and telecommunications operators worldwide have been launching 5G services one after another. Considering the strong demand from users for faster transmission speeds and better connectivity quality, as well as the increased reliance on data, global 5G usage is expected to increase significantly. The popularity of 5G also drives the accelerated growth of connected devices in IoT applications, with a compound annual growth rate of 28%. According to estimates by the Global Mobile Communications System Association, the introduction of 5G technology is projected to contribute US$2.2 trillion to the global economy over the next 15 years.

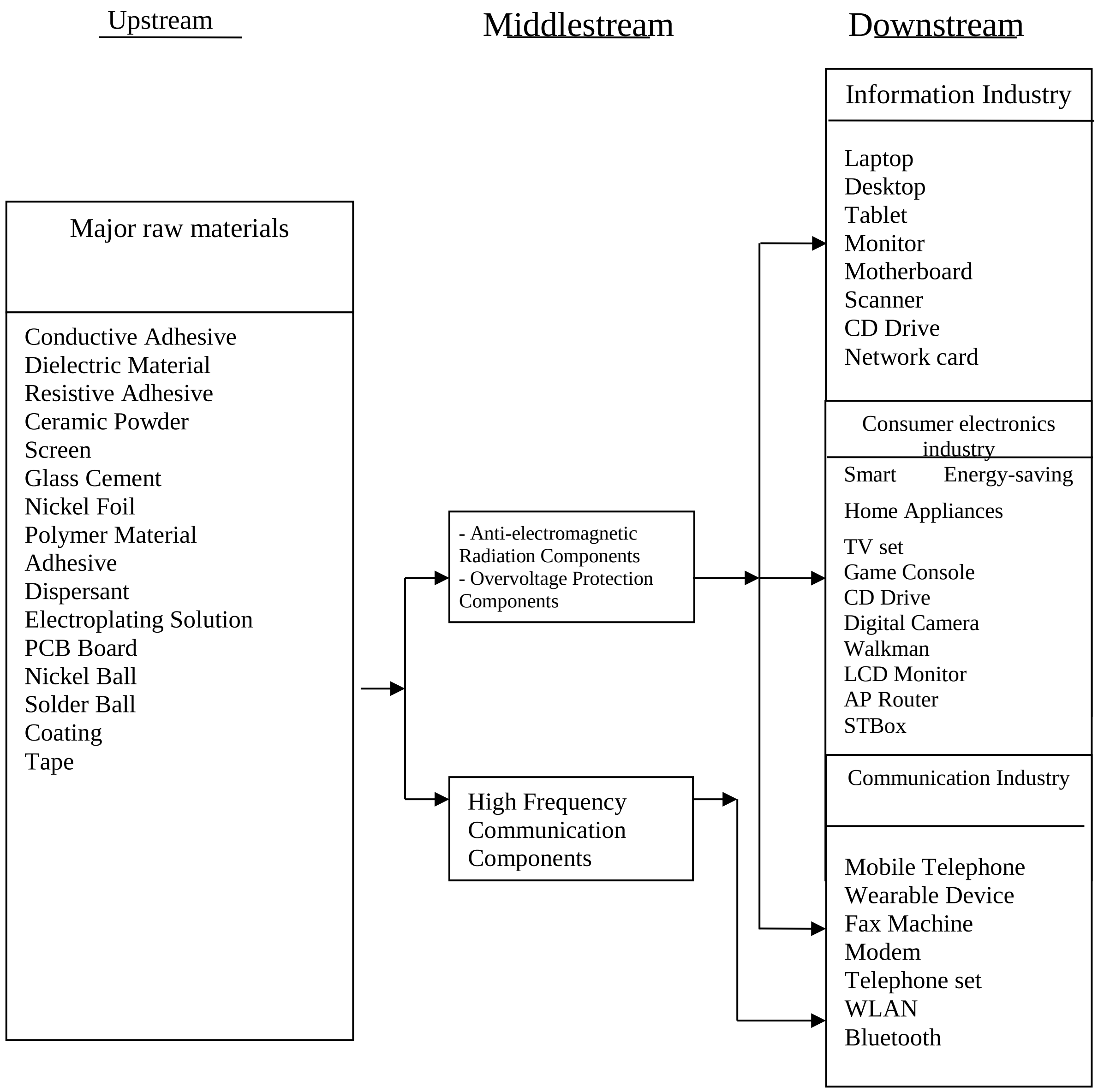
(2) Protection Components and Magnetic Components

With the advancement of technology and the flourishing development of the information industry, electronic products have become essential tools in modern life. The main directions of evolution in electronic products include faster information processing speeds, increased storage capacity, and larger screen sizes. In terms of product size and appearance, lightweight, thin, short, and small designs that demand multifunctionality with low power consumption have become the mainstream in today's electronic products. To meet these development requirements, various components inside electronic products also face the challenge of miniaturization. Special components such as electromagnetic radiation suppression, current protection, overvoltage protection, temperature sensing, miniaturized high-Q high-frequency inductors, and low-loss miniaturized high-current power inductors have gradually gained attention to maintain the reliability and energy efficiency of electronic products. Protective and magnetic components primarily belong to the passive components in electronic devices and are widely used in various sectors such as information, communication, consumer electronics, appliances, automotive electronics, and aerospace. Depending on the size and complexity of electronic products, the number of components used inside can range from a dozen to dozens. There will be a lot of integrated circuits (ICs) used, and passive components will act as peripheral components to active components as a result of trends in continuous intelligence and wireless technology. Due to the high demand for ICs, the demand for passive components is expected to increase significantly.

As major mobile phone brands continue to improve product specifications, including multi-camera designs, 3D sensing, wireless charging, voice assistants, and other features, the number of ICs and passive components required per smartphone continues to increase. Smartphones are also continuously moving towards lighter and thinner designs, leading to a trend of miniaturization for passive components. Additionally, with the increasing market share of 5G mobile communications, the demand for passive components is also growing. The Company has positioned itself in the market for automotive electronics, high-end 5G communication, and smartphones, aiming to enter the niche market of high-unit-priced passive components in line with global trends.

(2) Relationship with Upstream, Middlestream, and Downstream Companies:

The main business of the Company is the research, development, and manufacturing of protective components and high-frequency antenna modules. Here is the analysis of the upstream, midstream, and downstream industry relationships of the Company:



(3) Product Development Trend

(1) Protection Components and Magnetic Components

A. Production Equipment Automation

B. Development towards High Frequency and Thin Film

C. Chip Integration, Miniaturization, and Functional Integration

D. Product Endurance for High Voltage and High Current

(2) High Frequency Components

A. Integration of GPS and other Multiple Antennas and Components

B. Towards Chip Antenna Design

C. FR1/FR2 Array Antenna Design

D. IDU/ODU Antenna Design

E. Designing Compact, Integrated, and Functionally Composite Antenna Modules

F. Combining Antennas with Casings to Reduce Required Space for Antennas

(4) Status of Competition

The company's products mainly focus on noise suppression components, overvoltage protection components, overcurrent protection components, and high-frequency communication components, which make its product line highly comprehensive compared to competitors. In terms of protective components, the main domestic competitors include Chilisin, Thinking Electronic, King Core, Yageo, Tai-Tech, and Amazing Microelectronic, among others. As for international competitors, Panasonic, TDK, Murata, Amotech, Littelfuse, CET, Semtech, Raychem, and Bourns are the major companies. In the field of high-frequency components, the main domestic competitors are Cirocomm, Wha Yu, Yageo, and Advanced-Connectek, while foreign manufacturers primarily include Toko, Moteco, and Anpheno.

3. Research and Development Overview

（1） R&D expenses during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

Unit: NT$ thousands

Item	2022	2023	As of March 31, 2024
Development Cost	383,339	385,814	90,210

（2） Successful technology or product development:

No.	Item
1	Overvoltage/Overcurrent Combination Components
2	Resettable Overcurrent Protection Components
3	Low Resistance Current Sensing Components
4	High-Precision Global Positioning System (GPS) Receivers and Modules
5	Application in Automotive and Consumer 3C 2G/3G/4G/5G
6	WiFi/WLAN/FM/DAB/DVB/FM Antennas
7	Miniature Chip Antennas
8	WiFi 6e Array-Type CPE Antenna Modules
9	UWB Indoor Positioning Built-in Antennas
10	Chip Inductors/Magnetic Bead Components with Compact, High Q, and High Frequency
11	Multilayer Type Common mode filter, Thin Film Common-Mode Filters
12	0402 / 0201 SMD Type TVS
13	Miniature High Current Power Inductors

14	Multi-Layer Spiral Structure Common Mode Filters
15	Plastic Enclosure Antenna Plating Technology
16	Wire-Wound Power Inductors
17	Next-Generation 1412 Miniature High Current Power Inductors
18	Closed-Loop Chip-Type Wire-Wound Power Inductors
19	High-Efficiency Wearable Wireless Transmitter Charging Docks
20	QI Certified EPP Subsystem Wireless Transmitter Modules
21	Ultra-Low Capacitance ESD Protection Components
22	Automotive 155°C High-Temperature High-Power Density Integrated Forming Power Inductors
23	5G Array Antenna Modules
24	High-Precision Multi-Band Positioning Antennas
25	Low-Temperature Sintered Surge Protection Varistors

4. Long and Short-Term Business Development Plans

（1） Short-Term Development Plans

The Company is the global marketing center of INPAQ Technology in Taiwan, with marketing units established in China, the United States, Japan, South Korea, Europe, and India. With the establishment of an international marketing system and the integration of a complete product line, the Company can fully leverage its advantages in market marketing and provide customer service in close proximity.

The product line of the Company includes protective components as well as high-frequency communication components that can be combined with information and communication technology and consumer electronics devices. Customers will appreciate the ease of one-stop shopping.

The Company's short-term development plans are as follows:

(1) Establishing thin-film mass production technology and continuously developing high-speed protection components required for future products. Establishing cooperative partnerships with customers to jointly develop components needed for future system products.

(2) Continuously striving for orders from important domestic and international manufacturers in the notebook, tablet, motherboard, mobile phone, automotive, and 3C industries. Seeking OEM opportunities with international manufacturers to enhance overall market share. Actively supporting the marketing capabilities of distributors and agents to expand domestic and international markets through their channels.

(3) Developing next-generation high-frequency electrostatic discharge protection components and conducting research on miniaturization to increase the breadth of the Company's voltage protection component product line. Using existing GPS planar antennas, GSM antennas, Bluetooth antennas, and FM chip antennas as a foundation to develop WiFi, UWB, WiMAX, DVB, and composite single, dual, and multi-band antennas.

(4) Establishing competitive production capabilities to meet market and customer demands.

（2） Medium to long-term development plans:

(1) Aligning with international sales strategies, actively recruiting and cultivating professional sales talents to enhance overseas marketing capabilities.

(2) Actively researching and developing multi-functional components for electromagnetic interference and electrostatic protection to improve product performance and simplify designs, in line with the future trend of continuously increasing data transmission speed and capacity.

(3) Strengthening research and development capabilities to quickly develop antennas and components required for customer products, and establishing long-term cooperative partnerships with customers.

(4) Continuously investing to meet the sustained growth of various end applications and expand into markets such as automotive electronics, the Internet of Things (IoT), connected cars, and smart homes.

2. Market and Sales Overview:

1. Market Analysis

（1） Main Sales Region (Consolidated)

Unit: NT$ thousands

Year / Region	2022		2023	
	Amount	%	Amount	%
Domestic sales	620,623	9.87	534,322	8.09
Export	5,666,448	90.13	6,069,739	91.91
Total	6,287,071	100.00	6,604,061	100.00

（2） Market Share

The Company's revenue primarily comes from protection components and high-frequency components. Currently, among the listed and OTC companies in Taiwan, there is no company that produces identical products to the Company. However, Thinking Electronic, Yageo, Amazing Microelectronic, Wha Yu, Chilisin, Cirocomm, and Tai-Tech, among others, produce products with similar functionalities. Therefore, it is difficult to estimate the market share.

（3） Future supply and demand situations and growth of the market

(1) Protection Components

The market for anti-noise protection components is expanding as varied frequency currents and electromagnetic wave applications become more common in modern times. With the rising electronization of products ranging from compact smartphones to large-scale systems in the automotive and aerospace industries, the market for protective components that minimize circuit noise is growing in relevance and size. The need to reduce malfunction concerns and increase system performance efficiency is what drives this.

Not only do international electronic technology associations like UL, VDE, JIS, and the FCC have strict regulations on surge and radiation protection for electronic instruments, but major international information, communication, and consumer product manufacturers are also putting more emphasis on addressing technical issues like electromagnetic waves and electrostatic interference. Protection components have evolved into the best solution for dealing with electromagnetic waves, electrostatic interference, and current overload. To satisfy new criteria, protection components must be created and supplied with the latest protective functionalities as electronic goods become more complicated and undergo faster generational changes. The demand for components has been expanding as a result of the constant upgrading of requirements in smart devices. Furthermore, the brisk development of automotive electronics, networking, industrial control, and Internet of Things (IoT) applications has become a driving force for component market demand. Given the steady expansion in overall market demand, large manufacturers have kept capital investment under strict control and have not greatly expanded production. With Japanese manufacturers gradually quitting the production of high-specification components, market supply and demand are steadily rebalancing.

In summary, the user's company attaches great importance to the research and development of protection components. In the field of protection components in Taiwan, they have consistently ranked among the top performers. As the demand for protection components in information, communication, and consumer electronics products continues to grow, it is believed that the Company's future development prospects are promising.

(2) High-Frequency Components

The Company's high-frequency communication components are primarily used in various fields such as the Global Positioning System (GPS), mobile phones, laptops, wireless LANs, and Bluetooth modules. Among them, the main focus of their development in high-frequency communication components is GPS antennas and modules. Furthermore, the Company has created high-frequency components for Near Field Communication (NFC) technology, which is utilized in mobile payments. As NFC's application scope expands, it will be easier to integrate NFC communication technology into more smartphones and other smart platform devices.

Looking ahead, with the development of IoT, connected vehicles, and 5G mobile communications, considering security and convenience, and as GPS technology matures, we have not only developed GPS antennas but also compact chip antennas, NFC, WiFi/WiFi 6E, FR1/FR2, and other related communication antennas, making them a major product group of our company's antennas.

（4） Competitive Niche

(1) Strong management team and a solid financial structure.
(2) Strong research and development capabilities, leading to highly competitive products.
(3) Clear positioning and differentiated products.
(4) Superior manufacturing processes with high product quality standards.
(5) Well-established sales and international division systems.
(6) Expanding the group's component business cluster.

（5） Favorable and Unfavorable Factors and Countermeasures in the Long Term

(1) Favorable Factors

A. Strong research and development team.

B. Robust growth in the 3C industry, leading to continuous demand for protection components.

C. Increasing emphasis on protection components with electrostatic discharge (ESD) and electromagnetic interference (EMI) suppression functionality, along with stricter regulatory requirements.

D. Promising market prospects for IoT, connected vehicles, 5G mobile communications, wireless charging, etc. indicate a rapidly growing product line.

(2) Unfavorable Factors and Countermeasures:

A. Rising raw material prices

<u>Countermeasures:</u>

In addition to maintaining good relationships and close cooperation with suppliers to ensure a consistent supply of existing materials, the Company actively collaborates with academic institutions to develop new material formulations and alternative raw materials in order to reduce reliance on expensive raw materials.

B. Development of domestic and foreign competitors

<u>Countermeasures:</u>

Strengthen research and development capabilities and production capacity, develop differentiated products, expand the complete product line, establish partner relationships with customers, increase market share, and enhance competitiveness to create a distance from competitors.

C. Increasing labor costs and difficulty in recruitment at mainland production sites

<u>Countermeasures:</u>

Increase automation equipment to reduce labor demand and improve efficiency. Establish production lines in other regions, utilize international division of labor to lower production costs, and enable timely supply and proximity to customers.

2. Main uses and production processes of main products

（1） Main Products and Important Applications:

(1) Protection Components

A. Used for ESD and EMI protection in various electrical products, effectively filtering out electromagnetic waves.

B. Used in personal portable electronic devices (such as smartphones, tablets, wearables, laptops/desktops) to prevent damage caused by static electricity, voltage surges, and electromagnetic waves.

C. Overcurrent protection for 3C products (smartphones, tablets, wearables, laptops/desktops).

D. High-efficiency miniaturized power inductors required for power circuits in portable electronic devices like smartphones.

(2) High-Frequency Components

A. Used for receiving signals in global satellite systems for position determination.

B. Used as communication components for receiving GSM, Bluetooth, WiFi, and other system signals in smartphones and tablets.

C. Used for receiving/transmitting RF signals such as FM, XM, etc.

（2） Manufacturing Process:

(1) Protection Components

Substrate Printing → Granulation → Terminal Electrode Coating → Electroplating → Intermediate Inspection → Electrical Testing → Tape Packaging → Finished Product Quality Control → Warehousing

(2) High-Frequency Components

Ceramic Powder Formulation → Molding → Sintering → Electrode Printing → Baking → Sintering → PIN Foot Installation → Testing → Packaging

3. Supply Status of Major Raw Materials

Major Raw Materials	Supplier	Supply Status
Substrate, Chip	Taiwan, China	Good
Joint wire	China	Good
Glue	Japan	Good
Powder	Taiwan	Good

4. Provide the names of customers who accounted for more than 10% of the total sales in either of the past two years, along with their corresponding sales amounts and proportions, and explain the reasons for any changes in their levels of contribution:

(1) Major supplier information in the past two fiscal years:

There were no suppliers who contributed more than 10% of the net total purchase in the past two years.

(2) Major customer information in the past two fiscal years:

There were no customers who contributed more than 10% of the total sales revenue in the past two years.

5. Production volume in the Last Two Years (Consolidated): Unit: thousand pieces/NT$ thousand

years / quantity / product	2022			2023		
	Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Protection Components	20,000,000	15,026,892	2,151,148	26,000,000	16,911,237	701,487
High-Frequency Components	850,000	561,353	3,172,839	850,000	632,036	2,857,562
Total	Note	15,588,245	5,323,986	Note	17,543,273	3,559,049

Note: Each product has unique production requirements and cannot be consolidated with other production capacities. Therefore, they are not suitable for capacity consolidation.

6. Sales volume in the Last Two Years (Consolidated):

Unit: thousand pieces/NT$ thousand

years / quantity / product	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Protection Components	1,282,849	295,863	11,346,025	2,449,551	2,097,532	319,917	13,793,220	2,687,953
High-Frequency Components	20,896	324,760	476,056	3,216,897	16,966	229,745	530,053	3,366,446
Total	1,303,745	620,623	11,822,081	5,666,449	2,114,498	549,662	14,323,273	6,054,399

3. Employee information for the last two years and up to the date of printing of the annual report, including the number of employees, average years of service, average age, and distribution of educational qualifications (consolidated)

Year		2022	2023	As of March 31, 2024
No. of Employees	Direct Labor	1,912	1,825	1,752
	Indirect Labor	841	781	772
	Total	2,753	2,606	2,524
Average age		34.85	35.24	35.47
Average years of service		5.29	5.42	5.41
Education distribution percentage (%)	Ph.D.	1%	0%	0%
	Master’s degree	4%	4%	4%
	College	26%	27%	28%
	Senior high school	17%	19%	19%
	Below senior high school	52%	50%	49%
	Total	100%	100%	100%

4. Environmental Expenditure Information

1. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None
2. Future response measures and possible expenses: Not applicable.

5. Labor Relations

1. Employee Welfare Measures, Training, Retirement System, and Implementation Status
Important Current Labor-Management Agreements and Implementation Status:

（1） Employee Welfare Measures:
To improve employee welfare and promote labor-management harmony in various aspects of work, life, and health, our company implements a variety of welfare measures based on the philosophy "Revere Heaven Love Man."
(1) Employees receive annual year-end bonuses, and salary adjustments are made on a timely and appropriate basis.

(2) Regular health check-ups for employees.
(3) Employees enjoy labor insurance, national health insurance, and group insurance. These benefits not only cover employees themselves but also extend to their spouses and children, ensuring comprehensive protection for employees and their families.
(4) Subsidies for employee marriages, bereavements, celebrations, and birthday gatherings.
(5) The company has a cafeteria where subsidized buffet meals are served. Employees can enjoy a diverse and plentiful selection of meals for a small fee.
(6) To provide accommodation solutions for employees from other counties, the Company provides comfortable dormitories for their convenient stay.
(7) Regular employee trips, family day activities, and year-end party events are organized to foster emotional connections among employees, enhance their loyalty to the Company and boost morale.
(8) Employee ownership of company stock and participation in profit sharing. Individual and team performance, as well as the operational performance of the company, determine the distribution of performance bonuses. Employees are motivated to perform well by receiving a bonus equal to or greater than 5% of annual profits.

（2） Measures to Protect Employee Rights and Interests:
(1) Establishment of the "Code of Ethics and Social Responsibility" to protect employees' labor environment, working conditions, workplace health and safety, and fair compensation. This code is strictly followed.
(2) To prevent occupational hazards and ensure the health and safety of employees, the company has set up an "Environment/Safety and Health Committee" to implement safety and health management and conduct regular inspections.
(3) The Company holds labor-management meetings every three months to facilitate labor-management relations, promote labor-management cooperation, and increase work productivity.

（3） Implementation of the Retirement Pension System:
(1) The retirement system of our company fully complies with the regulations of the Labor Standards Act. Employees who have completed 15 years of service and are over 55 years of age or have completed 25 years of service can apply for retirement. The retirement benefits are provided based on the employee's years of service, with two times the base salary for each completed year. For service exceeding 15 years, one time the base salary is provided for each completed year, for a maximum total of 45 times the base salary. The Company has established a supervisory committee and a dedicated account. As of December 31, 2023, the balance in the Taiwan Bank Labor Retirement Reserve Account was NT$41,477 thousand.
(2) Since July 1, 2005, the Company has been contributing retirement benefits to the Labor Retirement Reserve Account according to the provisions of the Enforcement Rules of the Labor Pension Act. The monthly contribution is not less than 6% of the monthly salary, and the funds are stored in the Labor Retirement Reserve Account. As of 2023, the retirement pension expenses amounted to NT$27,254 thousand, which has been allocated to the Bureau of Labor Insurance, MOL.

（4） Employee Training Status:
In order to enhance the quality of human resources and promote development advantages, the Company has established an education and training policy. The education and training program is divided into internal training and external training. In 2023, the following training activities were conducted:

Training Category	No. of Trainees	Training Hours
New Employees	2,412	5,692
Safety and Health	4,914	24,916
Professional Skills	11,510	20,852

（5） Work Environment and Employee Personal Safety Measures:

Item	Content
Access Control Security	Contracted with a security company to maintain the security of the premises, with a strict access control surveillance system in place day and night.
Maintenance and Inspection of Equipment	1. Conduct public safety inspections every 2 years in accordance with building safety regulations. 2. Outsource annual fire safety inspections in accordance with fire regulations. 3. Regular inspections and maintenance of high- and low-voltage electrical equipment, elevators, air conditioning systems, water dispensers, company vehicles, and firefighting equipment.
Physical Hygiene	Physical Examinations: New employees should undergo a physical examination, and existing employees should undergo periodic health checks.
Insurance and Medical Support	Legally insured for labor insurance (including occupational accident insurance) and health insurance. Additional insurance coverage includes accident insurance and accident medical insurance.
Workplace Safety	Employees must undergo comprehensive training before operating machinery and equipment to prevent injuries.

2. Disclosure of losses incurred due to labor disputes in the current and previous fiscal years until the printing date of this annual report (including violations of labor laws resulting from labor inspections, and should state the date of punishment, punishment number, the content of the violation, the content of the violation of the law, and the punishment content). The estimated amount of potential future losses and corresponding measures should also be disclosed: None.

6. Cyber Security Management

1. This section outlines the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management.

(1) Management Structure

In February 2022, the company established the "Cyber Security Committee" to improve cyber security management. The committee is in charge of reviewing the company's and its subsidiaries' cyber security governance policies, supervising the operation of cyber security management, and holding "ISMS Management Review Meetings" on a regular basis to examine cyber security governance-related issues and continuous improvement in order to establish information and communication security policy formulation and applicability. The General Manager serves as the Chairman of the Cyber Security Committee, and the convener is the highest information executive, who is responsible for cyber security governance, planning, supervision, and implementation in order to build comprehensive cyber security defense capabilities and raise employee awareness of cyber security. The committee holds regular meetings to review the implementation status and reports to the Board of Directors annually.

(2) Cyber Security Policy

The cyber security strategy focuses on three aspects: security governance, legal compliance, and technological application. It aims to comprehensively enhance security protection capabilities, from systems to technology, from personnel to organizations. Considering current emerging security trends such as DDoS (Distributed Denial of Service) attacks, ransomware, social engineering attacks, and phishing websites, the Company regularly addresses security issues and plans response measures. Different security scenarios are practiced to strengthen the response capabilities of personnel, aiming to detect and block threats in real-time. In addition, regular security audits, such as vulnerability scanning or penetration testing, are conducted to ensure that information systems and network environments meet security implementation standards.

(3) Specific Management Plans:

Complete security-related regulations, conduct regular security assessments, and obtain international security certifications. In the future, we will continue to strengthen security protection and establish collaborative defense mechanisms. Particularly, we aim to keep up with the training of high-quality security personnel. The Company annually announces and promotes cyber security policies and arranges relevant education and training. To address the challenges of cyber security, such as advanced persistent threats (APT), DDoS attacks, ransomware, social engineering attacks, and data breaches, the following strategies are planned:

(1) Conduct annual security testing, cyber security health checkups, social security checks, and cyber security incident drills.

(2) Strengthen the awareness of cyber security crises among colleagues and the ability of cyber security personnel to respond effectively in the first place, to effectively detect and prevent dissemination.

(3) The Company publicly announces its cyber security policy every year and trains colleagues with cyber security certificates.

(4) Provide cyber security education and training for all employees, with a minimum of two hours per person per year.

(5) Report to the board of directors at least once a year, summarizing the annual implementation of cyber security risks.

(4) Resources allocated to cyber security management include:

The Information Department currently has 19 employees in Taiwan and 5 employees in China, totaling 24 people, responsible for cyber security risk management and determining organizational structure, job responsibilities, policy vision, and goals.

(1) A thorough inventory of existing assets, including hardware and software systems such as hosts, networks, system permissions, and databases, has been completed. This inventory will serve as a starting point for continuous improvement in 2024.

(2) To prevent unauthorized disclosure of confidential documents, upgrades, integration, and access control measures have all been implemented. A mechanism for backup and off-site file storage has also been established.

(3) Complete off-site backup of important information systems (such as ERP, BPM electronic sign-off...) to improve the timeliness and executability of disaster recovery.

(4) Upgrades, backups, management, and controls have been implemented for the email system to prevent attacks, forgery, and fraud. The security of the email system is ensured.

2. List of losses, potential impacts, and response measures suffered due to significant cyber security incidents up until the date of publication of the latest annual report. If unable to estimate reasonably, it should be explained that such estimation is not possible: None.

7. Important Contracts

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Financing	E.SUN Commercial Bank	2020/03/16-2025/03/15	Total credit line of NT$500 million and promissory note guarantee	5-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	CTBC Bank	2021/12/24-2026/12/15	Total credit line of NT$450 million and promissory note guarantee	5-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	Chang Hwa Bank	2020/08/24-2027/08/15	Total credit line of NT$583.2 million	7-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	Chang Hwa Bank	2021/05/03-2031/04/15	Total credit line of NT$384 million	10-year term, 3-year grace period, monthly equal installment repayment upon maturity
Financing	Chang Hwa Bank	2021/02/20-2026/07/31	Total credit line of NT$500 million	5-year term, 2-year grace period, monthly equal installment repayment upon maturity
Financing	Mega International Commercial Bank	2021/03/24-2026/09/23	Total credit line of NT$500 million and promissory note guarantee	5-year term, 2-year grace period, monthly equal installment repayment upon maturity
Financing	Cathay United Bank	2023/05/26-2025/05/26	Total credit line of NT$300 million and promissory note guarantee	2-year term, repayment within 180 days

8. Codes of Ethical Conduct for Directors and Managers

Codes of Ethical Conduct for Directors and Managers

Article 1 Purpose and Scope of Application

This code of conduct is intended to ensure that the directors and managers of the Company (including the general manager and equivalent positions, deputy general manager and equivalent positions, assistant manager and equivalent positions, head of the finance department, head of the accounting department, and other individuals with management responsibilities and signing authority for the Company) conduct themselves ethically when conducting business on behalf of the Company. This code of conduct is established to prevent unethical behavior and actions that may harm the Company and shareholders' interests. Directors who also serve as executives of the Company shall apply the relevant provisions of this code of conduct to the Company's employees. The term "directors" in this code of conduct refers to all directors of the Company (including independent directors).

Article 2 Obligations to be Followed

(1) Prevention of Conflicts of Interest

Directors and managers should avoid personal interests that may conflict with or have the potential to conflict with the Company's overall interests. This includes situations in which these individuals are unable to manage company affairs objectively and efficiently, or in which they or their spouse, parents, children, or second-degree relatives may receive improper benefits as a result of their positions with the Company. Any financial loans or significant asset transactions between the Company and the aforementioned individuals or their affiliated entities must be reviewed and approved in advance by the superintendent and the board of directors in order to prevent conflicts of interest. When a director has a personal interest that could jeopardize the Company's interests, he or she must comply with the director's recusal system outlined in the Company's board meeting rules, refrain from participating in discussions and voting, and not exercise the voting rights of other directors. Sales and purchases should be conducted with the best interests of the Company in mind.

(2) Avoidance of Opportunities for Personal Gain

The company should prevent directors or managers from engaging in the following activities:

1. Using company assets, information, or taking advantage of one's position to seek personal gain;
2. Using company assets, information, or taking advantage of one's position to obtain personal benefits;
3. Competing with the Company.

When the Company has opportunities for profit, its directors or managers are obligated to increase the Company's legitimate and legal benefits.

(3) Duty of Confidentiality:

Unless authorized or required by law to disclose such information, directors or managers have a duty to maintain the confidentiality of information regarding the Company itself or its sales and purchases with customers. Confidential information consists of all non-public information that could be utilized or disclosed by competitors to the detriment of the Company or its customers.

(4) Fair Trades:

Directors or managers must regard the Company's sales and purchasing customers, rivals, and employees with fairness. They should not gain undue advantages through manipulation, concealment, abuse of information obtained through their positions, making fraudulent statements about crucial matters, or engaging in other unfair transaction practices.

(5) Protection and Proper Use of Company Assets:
Directors or managers are responsible for protecting company assets and ensuring their effective and legal use for business purposes, avoiding theft, negligence, or waste that could have a negative impact on the profitability of the business.

(6) Compliance with Laws and Regulations:
Compliance with securities and other laws and regulations should be strengthened by the Company.
Directors and administrators must adhere to a variety of laws and regulations, as well as the organization's internal rules and regulations.

(7) Encouragement to Report Unethical or Illegal Conduct:
The Company should promote ethical awareness internally, establish a specific reporting system, and encourage employees to report any actions that violate laws, regulations, or ethical standards to their supervisor, immediate manager, HR supervisor, or internal audit supervisor. Additionally, the Company provides a complaint mechanism to assure confidentiality, as well as a fair and impartial investigation and resolution.

(8) Disciplinary Measures:
Directors and managers who violate the Codes of Ethical Conduct are subject to criminal and civil liabilities as well as compensation in accordance with applicable laws and regulations upon confirmation. Managers must adhere to the rules of the employee code of conduct and the system of rewards and punishments. The Company must promptly disclose the date of the violation, the reasons for the violation, the applicable provisions, and the disposition of the violating personnel on the Taiwan Stock Exchange Market Observation Post System. The Company should also establish a complaint system to provide those who violate the code of conduct with a channel for corrective action.

Article 3 Procedures for Exemption
When circumstances in the Company's established code of conduct warrant an exemption for directors or managers, the exemption must be approved by the board of directors and promptly disclosed on the Taiwan Stock Exchange Market Observation Post System website, including the date of approval for the exemption, any opposition or reservations from independent directors, the duration of exemption, the reasons for the exemption, and the provisions under which the exemption is granted, in or with respect to the exemption.

Article 4 Disclosure Methods
This code of conduct must be disclosed on the company's website, annual reports, prospectuses, and the website of the Taiwan Stock Exchange Market Observation Post System website, as well as any amendments.

Article 5 Other Provisions
In the event that the Company in the future establishes an Audit Committee, the provisions governing supervisors shall also apply to the Audit Committee.

Article 6 Implementation
This code of conduct will be implemented after approval by the board of directors and presentation to the shareholders' meeting. The same applies to amendments.
The board of directors approved this code of conduct on January 20, 2020.

6. Financial Profile

1. Condensed balance sheet and statement of comprehensive income for the past five fiscal years
1. Condensed balance sheet and comprehensive income statement:

(1) **Consolidated Condensed Balance Sheet**

Unit: NT$ thousands

Item \ Year		Financial analysis for the past five years (Note 1)					Financial information as of March 31, 2024 (Note 2)
		2019	2020 (After restatement)	2021	2022	2023	
Current assets		3,831,649	4,699,591	4,828,642	5,644,219	6,642,229	5,977,805
Property, plant and equipment		1,757,768	2,247,368	3,096,334	3,885,619	4,146,655	4,188,207
Intangible assets		205,558	194,811	188,917	183,260	179,440	175,121
Other assets		693,251	821,024	1,263,453	826,879	1,070,316	2,074,935
Total assets		6,488,226	7,962,794	9,377,346	10,539,977	12,038,640	12,416,068
Current liabilities	Before distribution	1,298,438	1,692,523	2,058,456	2,086,884	2,742,122	2,935,439
	After distribution	1,368,378	1,832,658	2,226,618	2,325,191	-	-
Non-current liabilities		475,288	783,402	1,816,372	2,583,266	2,409,482	2,250,094
Total liabilities	Before distribution	1,773,726	2,475,925	3,874,828	4,670,150	5,151,604	5,185,533
	After distribution	1,843,666	2,616,060	4,042,990	4,908,457	-	-
Equity attributable to shareholders of the parent		4,714,500	5,122,195	5,502,518	5,820,552	6,842,257	7,187,398
Capital stock		1,401,803	1,401,803	1,401,803	1,401,803	1,489,803	1,489,803
Capital reserve		3,016,375	3,045,890	2,906,644	2,838,983	3,244,157	3,244,157
Retained earnings	Before distribution	460,990	730,375	1,314,402	1,827,412	2,348,677	2,607,936
	After distribution	391,050	-	1,230,321	1,589,105	-	-
Other equity interest		(164,668)	(54,455)	(118,913)	(246,228)	(240,380)	(154,498)
Treasury stock		-	(1,418)	(1,418)	(1,418)	-	-
Pre-existing equity under joint control		-	364,674	-	-	-	-
Non-controlling equity		-	-	-	49,275	44,779	43,137
Total equity	Before distribution	4,714,500	5,486,869	5,502,518	5,869,827	6,887,036	7,230,535
	After distribution	4,644,560	5,346,734	5,334,356	5,631,520	-	-

* If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

* If the financial data has been adopted under IFRS for fewer than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.
Note 2: Reviewed by a certified public accountant.
Note 3: The shareholders' meeting has not yet approved the distribution of the surplus of 2023; therefore, the distribution amount is not shown.

(2) Concise Individual Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial analysis for the past five years (Note 1)					Financial Information as of March 31, 2024 (Note 1)
		2019	2020 (After restatement)	2021	2022	2023	
Current assets		1,813,466	2,247,825	2,647,776	3,329,304	3,787,073	Not applicable
Property, plant and equipment		956,990	1,258,475	1,926,986	2,406,829	2,641,427	
Intangible assets		22,554	18,619	26,964	25,574	28,351	
Other assets		2,878,764	3,369,462	3,720,084	3,879,164	4,508,291	
Total assets		5,671,774	6,894,381	8,321,810	9,640,871	10,965,142	
Current liabilities	Before distribution	513,506	647,207	1,036,426	1,274,613	1,745,320	
	After distribution	583,446	787,342	1,204,588	1,512,920	-	
Non-current liabilities		443,768	760,305	1,782,866	2,545,706	2,377,565	
Total liabilities	Before distribution	957,274	1,407,512	2,819,292	3,820,319	4,122,885	
	After distribution	1,027,214	1,547,647	2,987,454	4,058,626	-	
Equity attributable to shareholders of the parent		4,714,500	5,122,195	5,502,518	5,820,552	6,842,257	
Capital stock		1,401,803	1,401,803	1,401,803	1,401,803	1,489,803	
Capital reserve		3,016,375	3,045,890	2,906,644	2,838,983	3,244,157	
Retained earnings	Before distribution	460,990	730,375	1,314,402	1,827,412	2,348,677	
	After distribution	391,050	730,375	1,230,321	1,589,105	-	
Other equity interest		(164,668)	(54,455)	(118,913)	(246,228)	(240,380)	
Treasury stock		-	(1,418)	(1,418)	(1,418)		
Pre-existing equity under joint control		-	364,674	-	-	-	
Total equity	Before distribution	4,714,500	5,486,869	5,502,518	5,820,552	6,842,257	
	After distribution	4,644,560	5,346,734	5,334,356	5,582,245	-	

Note 1: Certified by a certified public accountant.

Note 2: The shareholders' meeting has not yet approved the distribution of the surplus of 2023; therefore, the distribution amount is not shown

2. Comprehensive income statement:

(1) **Concise Statement of Comprehensive Income (Consolidated)**

Unit: NT$ thousands

Year / Item	Financial analysis for the past five years (Note 1)					Financial information as of March 31, 2024 (Note 2)
	2019	2020 (After restatement)	2021	2022	2023	
Operating revenue	4,230,464	5,562,953	6,756,544	6,287,071	6,604,061	1,738,569
Operating margin	982,188	1,425,464	1,684,968	1,553,345	1,845,954	508,923
Operating income	237,389	535,501	670,697	513,702	1,081,117	246,393
Non-operating income and expenses	23,838	(51,487)	2,415	203,799	74,403	164,746
Income before income tax	261,227	484,014	673,112	717,501	839,240	411,139
Net income of continuing business units	195,102	359,958	559,529	590,580	710,503	257,617
Loss of suspended business unit	-	-	-	-	-	-
Net income (loss)	195,102	359,958	559,529	590,580	710,503	257,617
Other comprehensive income (Net income after tax)	(33,330)	88,859	5,092	(116,492)	50,421	85,882
Total comprehensive income	161,772	448,817	564,621	474,088	760,924	343,499
Net income attributable to shareholders of the parent	195,102	361,449	566,412	590,929	714,999	259,259
Pre-existing equity under joint control	-	(1,491)	(6,883)	-	-	-
Net income attributable to non-controlling interests	-	-	-	(349)	(4,496)	(1,642)
Total comprehensive income attributable to stockholders of the parent	161,772	449,538	570,689	474,437	765,420	345,141
Total comprehensive income attributable to pre-existing interests	-	(721)	(6,068)	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	(349)	(4,496)	(1,642)
Earnings per share	1.34	2.59	4.04	4.22	5.01	1.74

* If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

* If the financial data has been adopted under IFRS for fewer than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.

Note 2: Reviewed by a certified public accountant.

(2) Concise Statement of Comprehensive Income (Individual)

Unit: NT$ thousands

Year / Item	Financial analysis for the past five years (Note 1)					Financial information as of March 31, 2024
	2019	2020 (After restatement)	2021	2022	2023	
Operating revenue	1,724,138	2,369,844	3,200,113	3,354,478	3,932,614	Not applicable
Operating margin	238,273	570,981	776,756	644,332	717,825	
Operating income	(46,071)	87,279	286,016	125,968	20,627	
Non-operating income and expenses	256,767	348,840	336,769	540,112	712,937	
Income (loss) before income tax	210,696	436,119	622,785	666,080	733,564	
Net income of continuing business units	195,102	359,958	559,529	590,929	714,999	
Loss of suspended business unit	-	-	-	-	-	
Net income (loss)	195,102	359,958	559,529	590,929	714,999	
Other comprehensive income (Net income after tax)	(33,330)	88,859	5,092	(116,492)	50,421	
Total comprehensive income	161,772	448,817	564,621	474,437	765,420	
Equity attributable to shareholders of the parent	195,102	361,449	566,412	590,929	714,999	
Pre-existing equity under joint control	-	(1,491)	(6,883)	-	-	
Total comprehensive income attributable to stockholders of the parent	161,772	449,538	570,689	474,437	765,420	
Total comprehensive income attributable to pre-existing interests	-	(721)	(6,068)	-	-	
Earnings per share	1.34	2.59	4.04	4.22	5.01	

Note 1: Certified by a certified public accountant.

(3) **Auditors'** Name and Audit Opinions for the past five fiscal years

Year	Accounting Firm	Name of Accountant	Audit opinion
2019	KPMG Taiwan	Wan-Yuan Yu Chien-Hui Lu	Unqualified opinion
2020	KPMG Taiwan	Wan-Yuan Yu Chien-Hui Lu	Unqualified opinion
2021	KPMG Taiwan	Hai-Ning Huang Wan-Yuan Yu	Unqualified opinion
2022	KPMG Taiwan	Hai-Ning Huang Wan-Yuan Yu	Unqualified opinion
2023	KPMG Taiwan	Hai-Ning Huang Wan-Yuan Yu	Unqualified opinion

2. Financial Analysis for The Past Five Fiscal Years

(1) **Consolidated financial ratio analysis**

Item \ Year		Financial Analysis for the Last Five Years (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020 (After restatement)	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	27.34	31.09	41.32	44.31	42.79	41.76
	Long term capital to property, plant and equipment ratio	295.25	279.01	236.37	217.55	224.19	226.36
Solvency (%)	Current ratio	295.10	277.67	234.58	270.46	242.23	203.64
	Quick ratio	258.14	235.70	180.46	221.25	208.94	169.24
	Interest coverage ratio	19.64	81.75	60.44	28.58	17.45	36.57
Operating performance	Accounts receivable turnover (times)	2.77	3.01	3.03	2.85	2.87	2.79
	Average cash recovery day	131.76	121.26	120.46	128.07	127.17	130.82
	Inventory turnover (times)	5.43	5.91	5.02	4.08	4.38	4.46
	Accounts receivable turnover (times)	4.38	4.48	4.58	4.75	4.98	4.40
	Days sales outstanding	67.21	61.76	72.70	89.46	83.33	81.84
	Property, plant and equipment turnover rate (times)	2.39	2.78	2.53	1.80	1.64	1.67
	Total assets turnover (times)	0.63	0.77	0.78	0.63	0.58	0.57
Profitability	Return on total assets (%)	3.09	5.05	6.56	6.14	6.69	8.78
	Return on stockholders' equity (%)	4.13	7.06	10.18	10.44	11.29	14.74
	Pre-tax income to paid-in capital ratio (%)	18.64	34.53	48.02	51.18	56.33	27.60
	Net profit margin (%)	4.61	6.47	8.28	9.39	10.76	14.91
	Earnings per share (NT$)	1.34	2.59	4.04	4.22	5.01	1.74
Cash flow	Cash flow ratio (%)	44.50	17.88	27.01	48.06	43.91	41.02
	Cash flow adequacy ratio (%)	123.90	85.46	54.34	61.43	77.24	77.24
	Cash reinvestment ratio (%)	6.42	2.65	4.13	7.20	7.52	7.44
Leverage	Operating leverage	10.20	5.28	4.57	6.49	4.83	3.58
	Financial leverage	1.06	1.01	1.02	1.05	1.07	1.05

Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Interest coverage ratio decreased: mainly due to the increase in interest expenses in 2023 compared to 2022.
2. Cash flow adequacy ratio increased: due to the increase in net cash flow from operating activities in the past five years, particularly in 2023.
3. Operating leverage increased: mainly due to the increase in operating income in 2023.

∗ If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

∗ If the financial data has been adopted under IFRS for less than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.

Note 2: Reviewed by a certified public accountant.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Days sales outstanding = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 – effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit ratio = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent – preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

5. Cash Flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax, and no adjustment is required if there is a loss.

Note 5: Special attention shall be paid to the following when making the calculations for the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures refer to the annual cash outflow used for capital investment.

3. An increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction for accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensuring that it is done rationally and consistently.

(2) **Individual financial ratio analysis**

Item		2019	2020 (After restatement)	2021	2022	2023	As of March 31, 2023 (Note 2)
Year		Financial Analysis for the Last Five Years (Note 1)					
Financial structure (%)	Debt to asset ratio	16.88	20.42	33.88	39.63	37.60	Not Applicable
	Long term capital to property, plant and equipment ratio	539.01	496.41	378.07	347.61	349.05	
Solvency (%)	Current ratio	353.15	347.31	255.47	261.20	216.98	
	Quick ratio	315.77	307.43	207.41	230.01	195.80	
	Interest coverage ratio	39.56	80.28	71.60	29.38	18.05	
Operating performance	Accounts receivable turnover (times)	3.28	3.39	3.31	3.06	3.28	
	Average cash recovery day	111.28	107.67	110.27	119.28	111.28	
	Inventory turnover (times)	6.06	6.56	5.77	5.52	7.36	
	Accounts receivable turnover (times)	7.38	6.78	5.88	6.04	6.47	
	Days sales outstanding	60.23	55.64	63.26	66.12	49.59	
	Property, plant and equipment turnover rate (times)	1.77	2.14	2.01	1.55	1.56	
	Total assets turnover (times)	0.30	0.38	0.42	0.37	0.38	
Profitability	Return on total assets (%)	3.49	5.80	7.45	6.79	7.27	
	Return on stockholders' equity (%)	4.13	7.06	10.18	10.44	11.29	
	Pre-tax income to paid-in capital ratio (%)	15.03	31.11	44.43	47.52	49.24	
	Net profit margin (%)	11.32	15.19	17.48	17.62	18.18	
	Earnings per share (NT$)	1.34	2.59	4.04	4.22	5.01	
Cash flow	Cash flow ratio (%)	12.08	5.42	20.22	45.83	23.49	
	Cash flow adequacy ratio (%)	28.73	15.59	14.16	28.85	37.45	
	Cash reinvestment ratio (%)	(0.85)	(0.45)	0.78	4.10	1.55	
Leverage	Operating leverage	(17.94)	14.12	5.19	13.02	82.38	
	Financial leverage	0.89	1.07	1.03	1.23	(0.92)	

Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Interest coverage ratio decreased: mainly due to the increase in interest expenses in 2023 compared to 2022.
2. Inventory turnover increased: mainly due to the increase in cost of goods sold in 2023 compared to 2022.
3. Days sales outstanding decreased: mainly due to the increase in inventory turnover rate(times) in 2023 compared to 2022.
4. Cash flow ratio decreased : mainly due to the decrease in net cash inflow from operating activities in 2023.
5. Cash flow adequacy ratio increased: due to the increase in net cash flow from operating activities in the past five years, particularly in 2023
6. Cash re-investment ratio decreased : mainly due to the decrease in net cash flow from operating activities from operating activities in 2023.
7. Operating leverage increased: mainly due to the decrease in operating income in 2023.
8. Financial leverage decreased :mainly due to the fact that the operating profit in 2023 is less than the interest expense.

＊ If the Company prepares individual financial statements, it should also prepare condensed balance sheets and comprehensive income statements for the most recent five years.

＊ If the financial data has been adopted under IFRS for less than five years, it should be prepared separately.

Note 1: Certified by a certified public accountant.

Note 2: Reviewed by a certified public accountant.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Days sales outstanding = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit ratio = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

5. Cash Flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share using the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax, and no adjustment is required if there is a loss.

Note 5: Special attention shall be paid to the following when making the calculations for the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures refer to the annual cash outflow used for capital investment.

3. An increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction for accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensuring that it is done rationally and consistently.

Note 7: Negative net cash flow from operating activities is excluded from the calculation.

3. Audit Committee’s Report for the Most Recent Fiscal Year's Financial Statement (an attachment file is provided)

Inpaq Technology Co., Ltd.

Audit Committee Review Report

The 2023 annual business report, consolidated financial statements, individual financial statements, and dividend distribution proposal have been submitted to the Company by the Board of Directors. CPAs Hai-Ning Huang and Wan-Yuan Yu of KPMG Taiwan audited the consolidated financial statements and individual financial statements and issued audit reports. After reviewing the aforementioned documents submitted by the Board of Directors, the Audit Committee has discovered no inconsistencies. Therefore, in accordance with Section 14-4 of the Securities and Exchange Act and Section 219 of the Company Act, we are disclosing the above and requesting your review and approval.

Sincerely,

Inpaq Technology Co., Ltd. 2024 Shareholders Meeting

Audit Committee Convener: Ji-Zu Gao

March 27, 2024

4. Most recent annual financial report: Please refer to Appendix 1 of this annual report.

5. Most recent individual financial report: Please refer to Appendix 2 of this annual report.

6. If there were any financial difficulties during the most recent fiscal year or up until the date of printing of this annual report for the Company and its affiliated businesses, please describe their impact on the Company's financial standing: None.

7. Review and Analysis of Financial Status and Business Results and Risk Issues

1. Analysis of Financial Status (Consolidated)

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	6,642,229	5,644,219	998,010	17.68
Property, plant and equipment	4,146,655	3,885,619	261,036	6.72
Other assets	1,249,756	1,010,139	239,617	23.72
Total assets	12,038,640	10,539,977	1,498,663	14.22
Current liabilities	2,742,122	2,086,884	655,238	31.40
Non-current liabilities	2,409,482	2,583,266	(173,784)	(6.73)
Total liabilities	5,151,604	4,670,150	481,454	10.31
Capital stock	1,489,803	1,401,803	88,000	6.28
Capital reserve	3,244,157	2,838,983	405,174	14.27
Retained earnings	2,348,677	1,827,412	521,265	28.52
Other interests	-240,380	(247,646)	7,266	(2.93)
Non-controlling interests	44,779	49,275	(4,496)	(9.12)
Total Stockholders' Equity	6,887,036	5,869,827	1,017,209	17.33

Explanation of Significant Changes in Ratio Analysis (for changes of 20% or more and a change in amount of NT$10 million or more between the current and prior periods):

1. Other assets: mainly due to the increase in non-current financial assets measured at amortized cost in 2023.
2. Current liabilities: mainly due to the increase in short-term borrowings and long-term borrowings due within one year in 2023.
3. Retained earnings: mainly due to the profit earned in 2023.

2. Financial Performance

Analysis of the Financial Performance of the Last Two Years (Consolidated)

Unit: NT$ thousands

Item \ Year	2023 Amount	2022 Amount	Amount change	Percentage change (%)
Net Operating Revenue	6,604,061	6,287,071	316,990	5.04
Operating costs	4,758,107	4,733,726	24,381	0.52
Operating margin	1,845,954	1,553,345	292,609	18.84
Operating expenses	1,081,117	1,039,643	41,474	3.99
Operating income (loss)	764,837	513,702	251,135	48.89
Non-operating income and expenses	74,403	203,799	(129,396)	(63.49)
Income before income tax	839,240	717,501	121,739	16.97
Decrease: Total income tax expense	(128,737)	(126,921)	(1,816)	1.43
Net income	710,503	590,580	119,923	20.31

Analysis of Changes in Increase/Decrease Ratios:

Explanation of Significant Changes in Ratio Analysis (for changes of 20% or more and a change in amount of NT$10 million or more between the current and prior periods):

1. Operating profit and net income: mainly due to the increase in operating revenue and gross profit margin in the current period, leading to a increase in operating profit and net income.

2. Non-operating income and expenses: mainly due to the appreciation of the local currency during the period, resulting in an decrease in foreign exchange gains.

3. Cash Flow

1. Analysis of cash flow changes during the year:

Cash and Cash Equivalents, Beginning of Year (A)	Net Cash Flow from Operating Activities of the Year (B)	Cash Outflow (C)	Cash surplus (deficiency) (A)+(B)-(C)	Leverage of Cash Deficit: Investment plans	Leverage of Cash Deficit: Financing plans
1,837,820	1,204,164	519,163	2,522,821	—	—

Analysis of cash flow changes during the year:
(1) Cash inflows from operating activities: mainly due to continuous profitability.
(2) Cash outflows from investing activities: mainly due to the construction of factories and the purchase of machinery and equipment.
(3) Cash inflows from financing activities: mainly due to an increase in Cash capital increase and issuance of corporate bonds.

2. Improvement plan for insufficient liquidity: Not applicable.

3. Analysis of cash flow liquidity for the next year:

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year (A)	Net Cash Flow from Operating Activities of the Year (B)	Cash Outflow (C)	Cash surplus (deficiency) (A)+(B)-(C)	Leverage of Cash Deficit	
				Investment plans	Financing plans
2,522,821	1,186,516	1,852,362	1,856,975	—	—
Analysis of cash flow liquidity for the next year: (1) Cash inflows from operating activities: primarily due to the projected increase in revenue, leading to an increase in profitability. (2) Cash outflows from investing activities: mainly due to the purchase of machinery and investment in financial products. (3) Cash outflows from financing activities: primarily due to the repayment of long-term borrowings and the distribution of cash dividends.					

4. Impact of Major Capital Expenditure in the Past Year on the Financial Status

1. The status of major capital expenditures and sources of capital:

In 2023 and 2022, the company and its subsidiaries invested a total of NT$628,275 thousand and NT$869,979 thousand, respectively, in the construction of factories and the purchase of machinery and equipment. Internal resources and bank loans helped fund these investments.

2. Possible benefits:

In response to the current market demand, the firm prioritizes the development of new products and the expansion of production capacity. It continues to invest in the construction of factories and the acquisition of apparatus and equipment in order to increase its competitive niche, revenue, and profitability.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss,the Improvement Plan and Investment Plan in the Next Year

1. Investment Policy:

By staying abreast of customer and industry developments and aligning investment strategies, the Company optimizes high-performance production and services to meet customer needs and expand domestic and international markets. All the Company's investment activities are carried out by the relevant executing departments following procedures such as "Regulations Governing the Acquisition and Disposal of Assets."

2. The main reinvestment companies are as follows:

December 31, 2023

Description / Item	Investment amount	Policy	Major reasons for profit or loss	Improvement plans	Other investment plans in the future
INPAQ BVI LTD.	NT$1,258,296 thousand	Holding company	The net profit for 2023 was NT$665,786 thousand, mainly due to the stable profitability of the investment activities.	None	Necessary increase in investment to match the scale of operations assessment

6. Risk matters shall be analyzed and evaluated for the following matters during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

1. Impact of interest rates, exchange rate fluctuations, and inflation on the Company's income and future response measures

(1) The effect of currency fluctuations on the Company's operating profit and the Company's specific measures in reaction to currency fluctuations

The Company's export amount as a percentage of total revenue in the past two fiscal years was 91.91% and 90.13%, respectively, indicating that exchange rate fluctuations have a certain impact on revenue. However, the Company also adopts the US dollar as the pricing currency for transactions with major suppliers and the purchase of machinery and equipment from overseas, resulting in offsetting effects and providing a certain degree of hedging against exchange rate fluctuations. Therefore, overall, the impact on profitability is not significant. The Company has actively explored foreign exchange hedging tools and will engage in hedging operations at appropriate times to reduce the impact of foreign exchange risks on Company profitability. The recent annual exchange profit or loss is as follows:

Unit: NT$ thousands

Year/Item	2022	2023	As of March 31, 2024
Foreign exchange (loss) gain	189,898	16,539	128,025
Foreign exchange profit (loss) to operating revenue ratio	3.02%	0.25%	7.36%

The specific measures taken by the Company in response to exchange rate changes are as follows:

(1) During the product pricing process, the sales personnel consider the risks arising from exchange rate fluctuations and adjust the selling prices accordingly to safeguard the expected profits.

(2) The Company establishes foreign currency deposit accounts and maintains close communication with key partner banks to gather timely information on exchange rate movements. This enables the Company to fully grasp exchange rate trends and determine the optimal timing for foreign currency purchases and conversions.

(3) A reasonable amount of foreign currency deposits is retained as a natural hedge against foreign currency payment liabilities. The Company actively seeks an understanding of foreign exchange hedging tools and engages in hedging operations at appropriate times to mitigate the impact of foreign exchange risks on profitability.

(2) Regarding interest rates, net interest income (interest income less Financial costs) in 2023 was approximately NT$57,964 thousand, accounting for merely 0.88% of the Company's net operating revenues. The proportion of interest income and expenses to net revenue is not high, so the impact of interest rate fluctuations on the Company is still limited. However, the Company actively pursues other business expansion opportunities while striving to enhance deposit income in order to improve overall operational efficiency.

(3) Recent two-year inflationary conditions' impact on the Company: The company constantly monitors market price fluctuations and maintains good interactive relationships with suppliers and customers.

2. Policies related to high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivative trading, as well as the main reasons for profit or loss and future response measures.

(1) The Company is currently not engaged in high-risk, high-leverage investments.

(2) Endorsements and guarantees:

March 31, 2024

Unit: NT$ thousands

No.	Endorsement guarantee company	Guaranteed party		Endorsement guarantee limit for a single company	Maximum endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period	Actual disbursement amount	Endorsement guarantee amount secured by assets	Ratio of cumulative endorsement guarantee amount to the net value of the recent financial statements	Maximum limit for endorsement guarantees
		Company Name	Relationship							
0	The Company	Inpaq Technology (China)	The Company's subsidiary	1,437,480	207,935	207,935	-	-	2.89%	2,874,959
0	The Company	Taiwan Inpaq Electronic	The Company's subsidiary	1,437,480	900,0000	900,000	-	-	12.52 %	2,874,959
0	The Company	Hunan Hongdian	The Company's subsidiary	1,437,480	127,960	127,960	-	-	1.78%	2,874,959

(3) The Company's endorsement and guarantee policy: The Company's endorsement guarantees shall not exceed 40% of the net value of its most recent audited financial statements as certified by the accountant. Any single entity's endorsement guarantee cannot exceed 20% of the Company's most recent audited financial statements' net value, as certified by the accountant. For endorsement guarantees related to business transactions with the Company, the individual endorsement guarantee amount shall not exceed the amount of the business transactions between the parties. "Business transactions" means the greater of the two parties' purchase or sales amounts.

(4) Company loan policy: Company loans cannot exceed 40% of net value. Short-term working capital loans for companies in which the company owns 50% or more cannot exceed 25% of the company's net value. The board of directors may approve loans up to 10% of the company's net value for other companies. Foreign companies in which the Company directly or indirectly holds 100% of the voting shares may borrow up to 40% of the lending company's net value for working capital. Loan details:

March 31, 2024

Unit: NT$ thousands

No.	Lending company	Borrower	Transaction item	Whether it is a related party	Maximum amount for the period	Ending balance	Actual disbursement amount	Interest rate range	Nature of the loan	Amount of business transactions	Reasons for short-term capital needs	Provision for bad debt	Collateral		Loan limit for individual borrowers	Total loan limit
													Name	Value		
4 0	The Company	Taiwan Inpaq	Accounts receivable from related parties	Y	750,000	750,000	650,000	1.73%~ 1.75%	2	-	Operating turnover	-	Promissory Note	700,000	1,796,850	2,874,959
0	The Company	INPAQ USA	Accounts receivable from related parties	Y	31,990	31,990	31,990	3%~4%	2	-	Operating turnover	-	Promissory Note	31,990	1,796,850	2,874,959

3. Future research and development plans and expected R&D expenses

The Company is committed to independent technological development and is constantly improving precision electronic manufacturing techniques. The focus in the field of protective components is on developing products with miniaturization, high reliability, high capacitance, high voltage resistance, and high temperature stability. To meet the demands of the 5G communication era, resources are continuously invested in antenna development as well as integrating technologies related to the Internet of Things, wireless charging, and connected vehicles. These technologies have already resulted in the development of antenna products.

Because high-frequency communication components and protective components are both important areas for future development, an estimated R&D expense of NT$200,000 thousand is expected in the coming year. Future research and development plans and the projected R&D expenses are as follows:

Future R&D Project	Estimated Completion Time	Key Factors for Successful Research and Development
High-Precision Multi-Band Positioning Circuit Module	2023~2024	1. Integration and application of antenna technology and materials 2. Circuit design capabilities
Low Earth Orbit Satellite Antenna Module	2023~2025	1. Integration and application of antenna technology and materials 2. Circuit design capabilities
Miniature UWB Antenna	2023~2024	1. Integration and application of antenna technology and materials
Next-generation ultra-miniature alloy power inductors	2023~2025	1. Existing integrated molding inductor technology along with thin-film microcircuit capabilities. 2. Acquisition of composite material capabilities and development of high-precision equipment.
Automotive ultra-low capacitance protection components	2023~2024	1. Development of high-stability composite materials. 2. Design of automotive packaging structures.
Development of ultra-high surge protection varistor components	2023~2024	1. Ceramic material development 2. Special component structure design
Ultra-compact CSP transient voltage suppressor	2023~2025	1. Chip design 2. High-precision miniaturized packaging technology 3. Composite material development
Automotive 180-degree high-temperature and high-voltage integrated molded power inductor	2023~2026	1. Formulation design 2. Introduction of special processes 3. Special winding structure
Miniaturized multilayer common mode filter	2023~2024	1. Circuit simulation capability 2. Acquisition of miniaturized materials and high-precision equipment development 3. Material co-firing matching degree
mmWave sensing radar	2024~2025	1. Circuit design for 10GHz, 24GHz, and 60GHz 2. Antenna design for 10GHz, 24GHz, and 60GHz

WiFi 7 high-efficiency reconfigurable planar antenna	2024~2025	1. Antenna-circuit integration capability 2. Novel antenna design framework

4. The impact of important domestic and foreign policies and legal changes on the Company's financial business and response measures:
Regarding inbound and outbound investments, the Company's operations adhere to the applicable current laws and regulations of both domestic and foreign nations. The involved personnel also closely monitor changes in regulations, serving as a resource for management. Therefore, the Company is able to quickly comprehend and effectively respond to significant domestic and international policy and legal changes.

5. The impact of technological changes (including cybersecurity risks) and industry changes on the Company's financial business and response measures
In February 2022, the Company established the "Cyber Security Committee" to improve cyber security management. The committee is in charge of reviewing the company's and its subsidiaries' information security governance policies, supervising the operation of information security management, and holding "ISMS Management Review Meetings" on a regular basis to examine information security governance-related issues and continuous improvement in order to establish information and communication security policy formulation and applicability. The cyber security strategy focuses on three aspects: security governance, legal compliance, and technological application. It aims to comprehensively enhance security protection capabilities, from systems to technology, from personnel to organizations.
The Company is one of the leaders in its industry, with technological innovation and research serving as its primary competitive advantages. Thus, technological advances have a proactive and positive effect on the Company's financial operations. The Company will continue to invest in R&D and strive to improve its technological capabilities in order to enhance product quality and develop new products that meet market demands.

6. The impact of changes in corporate image on crisis management and response measures:
The Company has a positive corporate image and is a leading manufacturer of protection components and antennas in the listed market. The Company has absorbed more talented individuals and technological expertise through mergers with industry peers, strengthened its management team, and delivered the results of its operations to shareholders and the public. The Company is dedicated to meeting its social responsibilities and has had no incidents that have jeopardized its corporate image. In the future, while pursuing shareholder value maximization, the Company will also fulfill its corporate social responsibilities, enhancing its corporate image.

7. Expected Benefits from, Risks Relating to, and Response to Merger and Acquisition Plans: The Company has made no mergers or acquisitions in this period.

8. Expected benefits, possible risks, and response measures for expanding factories:

The Company's current capital expenditures are market-driven and involve moderate production line expansion and facility construction. After conducting feasibility assessments and financial analyses to identify potential risks, the relevant technical teams make these decisions. In addition to improving operational efficiency, the primary objective is to meet customers' medium- to long-term needs and incorporate research and development achievements. This expansion is intended to increase market share and diversify operational risks. The Company will continue to monitor market conditions and make timely adjustments to its plans in order to mitigate the potential negative effects of potential risks.

9. The impact of concentration of purchase or sales and counter measures: Nil.

   (1) The company purchased goods in 2011, and the suppliers are less than 10%. The purchases are still scattered, so there should be no risk of centralized purchases. ◦

   (2) The company's 111 years of sales, customers are less than 10%, the company's main customers are long-term cooperation with international manufacturers, the source of customers is still scattered, there should be no risk of concentration of sales. ◦

10. The impact of mass share transfer of or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and counter measures: None.

11. The impact of the change of management on the Company, the risks and counter measures: None.

12. Litigation or non-litigation：None.

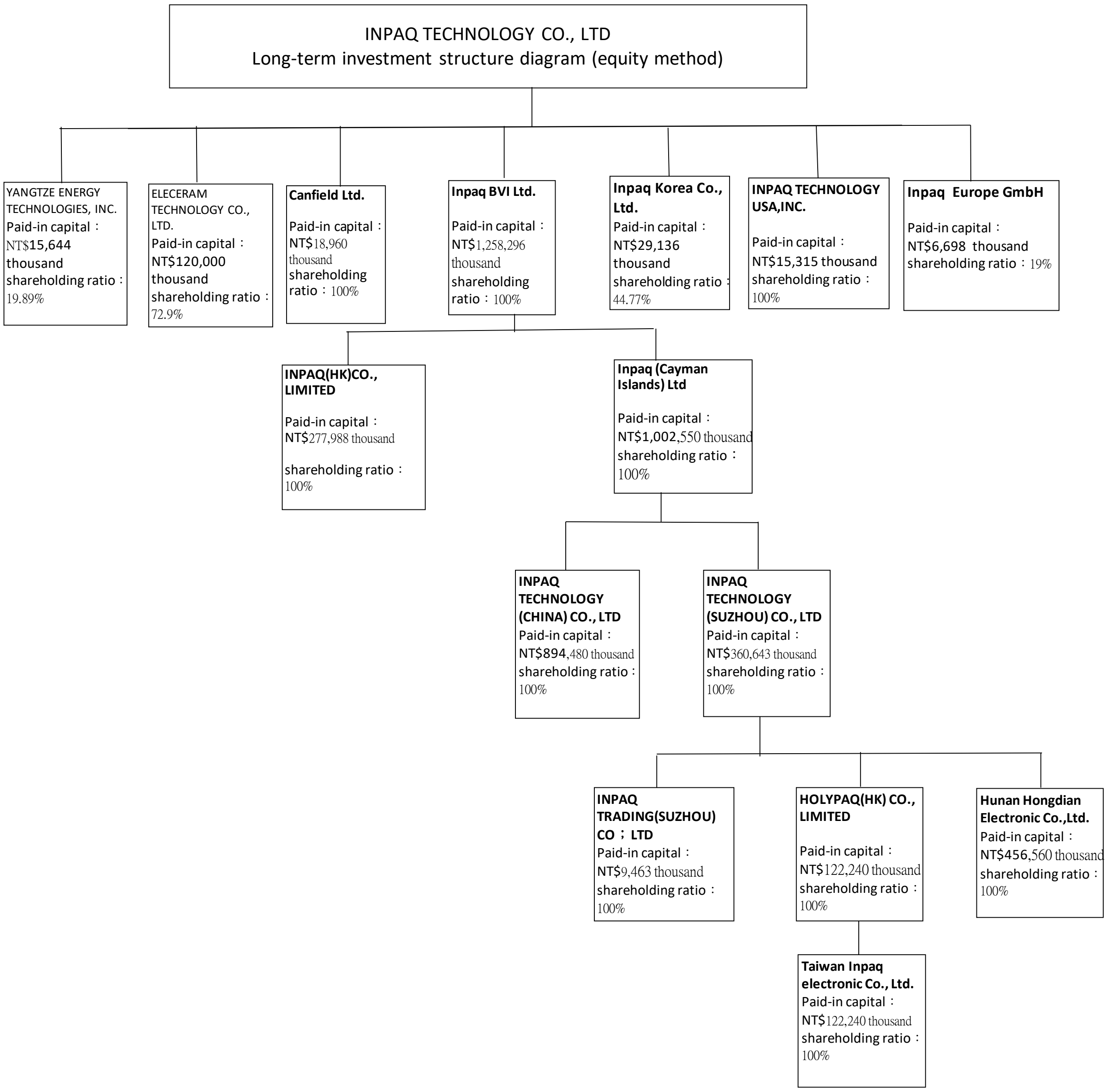
13. Other important risks and counter measures: None.

7. Other important matters: None.

8. **Special notes**

1. Information about the Company's Affiliates
Operations Profile of Affiliated Companies:

(1) Affiliated Organization Chart(2023.12.31)



(2) Information of Affiliated Companies:

December 31, 2023
Unit: NT$ thousands

Company name	Establishment date	Address	Paid-in capital	Main business activities
Inpaq (BVI) Ltd.	2000.11.24	OMC Chambers, Wickhams Cay 1, Road Town,Tortola, British Virgin Islands	1,258,296	Holding company
Inpaq Cayman	2000.12.14	P.O.Box 31119 Grand Pavilion,Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205,Cayman Islands	1,002,550	Holding company
Inpaq USA	2019.7.23	2055 JUNCTION AVE SUITE 100,SAN JOSE, CA 95131	15,315	Sales
Canfield Ltd.	2002.11.18	Vistra Corporate Services Centre,Ground Floor NPF Building,Beach Road,Apia,Samoa.	18,960	Sales
Eleceram Technology Co., Ltd.	1999.12.14	No. 231, Longshou St., Longshan Vil., Taoyuan Dist., Taoyuan City	120,000	Production and sales of electronic components
Inpaq Hong Kong	2008.11.6	RM 2702-03 CC WU BLDG 302-8 HENNESSY RD WANCHAI HK	277,988	Holding company
Inpaq Suzhou	2002.1.16	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng Zone, Suzhou City, 215143 Jiangsu Province	360,643	Production and sales of electronic components
Inpaq China	2007.3.13	Antai No 1 road 81, AnZheng town, Xishan Economic Development Zone, Wuxi City, 214105 JiangSu Province, China	894,480	Production and sales of electronic components
Inpaq Trading	2011.11.16	Rm 1989, 19th Floor, Xiandai Logistics Building, No. 88 Xiandai Avenue, Suzhou Industrial Park, Jiangsu Province	9,463	Sales of electronic components
Hanan Frontier Electronics	2008.1.16	No.136, Taoyuan West Road Phoenix Development Park, Lengshuitan District, Yongzhou City Hunan	456,560	Production and sales of electronic components
Inpaq Electronics Hong Kong	2012.3.23	Rm 2702-03, C.c. Wu Building, 320-8, Hennessy Road, Wan Chai, Hong Kong	122,240	Holding company
Inpaq Electronics Taiwan	2018.10.29	1F., No. 38, Keyi St., Zhunan Township, Miaoli County	122,240	Production and sales of electronic components

(3) In accordance with Paragraph 2 of Article 369-2 of the Company Act, subsidiaries controlled directly or indirectly by the Company in terms of personnel, finances, or business operations include the following: None.

(4) Information on directors, supervisors, and general managers of each related company:

December 31, 2023

Company Name	Title	Name or Representative	Shareholding (thousand share)	Shareholding ratio
Inpaq (BVI) Ltd.	Director	Pei-Cheng Chen	39,908	100%
Inpaq Cayman	Director	Pei-Cheng Chen	32,150	100%
Inpaq USA	Chairman Director Director	Ming-Tsan Tseng Pei-Cheng Chen Wan-Fen Yang	5,000	100%
Canfield Ltd.	Director	Ming-Tsan Tseng	600	100%
Inpaq Hong Kong	Director	Ming-Tsan Tseng	66,858	100%

Company Name	Title	Name or Representative	Shareholding (thousand share)	Shareholding ratio
Eleceram Technology	Chairman Director Director Supervisor	INPAQ Technology Co., Ltd. Representative: Ming-Tsan Tseng INPAQ Technology Co., Ltd. Representative: Chi-Lung Chang INPAQ Technology Co., Ltd. Representative: Chih-Wen Hsieh Kuo-Shu Huang	8,748	72.9%
Inpaq Suzhou	Chairman Director Director Supervisor General Manager	Inpaq (Cayman Islands)Ltd. Representative Chih-Mou Hung Inpaq (Cayman Islands)Ltd. Representative Wei-Chi Yeh Inpaq (Cayman Islands)Ltd. Representative Zhi-Wei Chen Inpaq (Cayman Islands)Ltd. Representative Kuo-Shu Huang Zhi-Wei Chen	-	100%
Inpaq China	Chairman Director Director Supervisor General Manager	Inpaq (Cayman Islands)Ltd. Representative Chih Mou Hung Inpaq (Cayman Islands)Ltd. Representative Cong-Jie Li Inpaq (Cayman Islands)Ltd. Representative Kai-Ming Hsu Inpaq (Cayman Islands)Ltd. Representative Kuo-Shu Huang Wei-Chi Yeh	-	100%
Inpaq Trading	Chairman Director Director Supervisor General Manager	Inpaq Technology (Suzhou) Co., Ltd. Representative: Chi-Lung Chang Inpaq Technology (Suzhou) Co., Ltd. Representative: Wei-Chi Yeh Inpaq Technology (Suzhou) Co., Ltd. Representative: Chih-Mou Hung Inpaq Technology (Suzhou) Co., Ltd. Representative: Kuo-Shu Huang Chi-Lung Chang	-	100%

Company Name	Title	Name or Representative	Shareholding (thousand share)	Shareholding ratio
Hunan Hongdian	Chairman Director Director Supervisor General Manager	Inpaq Technology (Suzhou) Co., Ltd. Representative: Chih-Mou Hung Inpaq Technology (Suzhou) Co., Ltd. Representative: Wei-Chih Lee Inpaq Technology (Suzhou) Co., Ltd. Representative: Jun-Hong Chen Inpaq Technology (Suzhou) Co., Ltd. Representative: Kuo-Shu Huang Chih-Mou Hung	-	100%
Inpaq Electronics Hong Kong	Director	Chi-Lung Chang	4,000	100%
Taiwan Inpaq Electronics	Director	Holypaq(HK) CO., Ltd. Representative: Chih-Mou Hung	-	100%

(5) Information about the Directors, supervisors and general managers of the affiliates: None.

2. Operations Profile

Unit: NT$ thousands

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating Revenue	Operating income	Net income	Earnings per share (NT$)
Inpaq (BVI) Ltd.	1,258,296	3,811,466	100,116	3,711,350	-	(92)	665,786	Not applicable
Inpaq Cayman	1,002,550	3,123,116	1,921	3,121,195	-	(305)	648,793	Not applicable
Inpaq USA	15,315	8,875	21,840	(12,965)	-	(13,021)	(13,322)	Not applicable
Canfield	18,960	38,240	7,637	30,603	-	(33)	1,837	Not applicable
Eleceram Technology Co., Ltd.	120,000	135,039	46,389	88,650	44,318	(10,479)	(13,234)	(1.10)
Inpaq Hong Kong	277,988	2,560	-	2,560	-	(115)	(6,701)	Not applicable
Inpaq Suzhou	360,643	3,229,095	1,034,493	2,194,602	3,800,234	681,386	632,485	Not applicable
Inpaq China	894,480	1,353,738	453,001	900,737	1,221,456	15,597	15,238	Not applicable
Inpaq Trading	9,463	33,828	2,716	31,112	78,148	592	2,155	Not applicable
Hanan Frontier Electronics	456,560	409,346	72,712	336,634	286,763	(1,486)	1,984	Not applicable
Inpaq Electronics Hong Kong	122,240	(226,114)	-	(226,114)	-	-	15,267	Not applicable
Inpaq Electronics Taiwan	122,240	607,285	833,399	(226,114)	504,850	30,967	15,267	Not applicable

3. Consolidated Financial Statements of Affiliated Enterprises: Please refer to Appendix One of this annual report.

4. Related Party Disclosure: Please refer to Appendix Three of this annual report.

2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: None.

3. Holdings or disposals of the Company's shares by subsidiaries in the current fiscal year should be disclosed: None.

4. Other Necessary Supplementary Notes:

1. Depreciation Method and Useful Life of Property, Plant, and Equipment:

After deducting the residual value from the asset cost, depreciation is calculated using the straight-line method based on the estimated useful life. The significant components of the assets are evaluated separately, and if a component has a different useful life from the rest of the asset, it is depreciated separately. Depreciation is recognized as an expense in the income statement.

Land is not subject to depreciation.

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

(1) Buildings and structures: 4-51 years
(2) Machinery and equipment: 1-15 years
(3) Other equipment: 2-20 years
(4) Leasehold improvements: 1-10 years
(5) The significant components of buildings and structures include main buildings, mechanical and electrical equipment, and engineering works. They are depreciated separately based on their respective useful lives of 50 years and 20 years.

The depreciation method, useful life, and residual value are reviewed at the end of each financial year. Changes in the remaining useful life, depreciation method, and residual value are accounted for according to accounting estimation guidelines.

2. The use of hedge accounting and its objectives and methods by the Company:

The Company does not adopt hedge accounting; therefore, it is not applicable.

5. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner’s Equity or Share Price as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Law:

During the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, any significant events that had a significant impact on shareholders' equity or security prices have been disclosed in accordance with regulations on the Taiwan Stock Exchange Market Observation Post System. The website for the Taiwan Stock Exchange Market Observation Post System is: http://newmops.tse.com.tw/

Date	Item
2023/03/16	The Company was invited to attend the corporate briefing hosted by Cathay Securities Corporation.
2023/05/04	Announcement of the Board of Directors' approval of the organization's consolidated financial report for the first quarter of 2023.
2023/05/04	Statement of nomination for the three-term-serving independent directors of the Company.
2023/05/04	Board of Directors Resolution on Dividend Distribution
2023/05/04	Announcement: The Board of Directors of the company has resolved to convene the shareholders' meeting for 2023, (including additional agenda).
2023/05/04	This announcement is made in accordance with the provisions of Article 25, Paragraph 1, Subparagraph 3 and 4 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
2023/06/16	Announcement of important resolutions of the Company's 2023 annual general meeting.
2023/06/16	Announcement of the list of elected directors following the comprehensive re-election of the Board at the Company's 2023 annual general meeting.

Date	Item
2023/06/16	Announcement of the Company's 2023 annual general meeting's resolution to lift the prohibition on competition for newly appointed directors.
2023/06/16	Announcement of the Board's decision to nominate Ms.Pei-Cheng Chen as the Chairperson of the Board.
2023/06/16	Announcement of the Board's decision to appoint members to the fifth term of the Compensation Committee.
2023/06/16	Announcement of changes in the membership of the Audit Committee as terms expire.
2023/06/30	Announcement of changes in the position of the General Manager.
2023/06/30	Announcement of the Board's decision to issue the third domestic unsecured convertible corporate bonds.
2023/06/30	Announcement of the Board's decision to conduct a cash capital increase by issuing new shares.
2023/07/11	Announcement of the ex-dividend date.
2023/07/26	Announcement of the retirement of the CEO.
2023/08/04	Announcement of matters related to the cash capital increase and the subscription reference date for new shares.
2023/08/10	Announcement of the Board's approval of the consolidated financial report for the second quarter of 2023.
2023/08/14	Announcement regarding the subscription reference date and other related matters for the Company's cash capital increase by issuing new shares. (Supplementary announcement regarding the issuance price and the designated bank for collecting and storing the subscription price)
2023/09/07	Notice of the deadline for payment of the Company's 2023 cash capital increase.
2023/09/13	Announcement of the completion of the payment of funds for the Company's 2023 cash capital increase and the capital increase reference date.
2023/10/11	Announcement of the expiration of the payment period for the Company's 2023 cash capital increase.
2023/10/27	Announcement of the Company's application to extend the period for the third domestic unsecured convertible corporate bonds issuance, approved by the FSC.
2023/10/31	Announcement of the Board's approval of the consolidated financial report for the third quarter of 2023.
2023/10/31	Announcement of the Board's decision to provide loans to and increase shareholdings in a subsidiary by an amount exceeding NT$10 million and representing over 2% of the subsidiary's latest financial statement net worth.
2023/11/13	Announcement of the Company's participation in a corporate briefing organized by Taishin Securities.
2023/11/21	Announcement of changes in the legal representative of a key subsidiary, Inpaq Technology (Suzhou) Co., Ltd.
2023/11/21	Announcement of changes in the legal representative of a key subsidiary, Inpaq Technology (China) Co., Ltd.
2023/11/21	Announcement of changes in the Chairman and General Manager of a key subsidiary, Inpaq Technology(Suzhou) Co., Ltd.
2023/11/21	Announcement of changes in the Chairman and General Manager of a key subsidiary, Inpaq Technology(China) Co., Ltd.
2023/11/24	Clarification of media reports.
2023/11/24	Announcement of the conversion price and premium rate of the third domestic unsecured convertible corporate bonds.
2023/11/27	Correction regarding changes in the Chairman of a key subsidiary, Inpaq Technology(Suzhou) Co., Ltd.

Date	Item
2023/11/27	Correction regarding changes in the Chairman of a key subsidiary, Inpaq Technology(China) Co., Ltd.
2023/12/05	Announcement of the designated bank for the collection of payments and storage of funds for the third domestic unsecured convertible corporate bonds.
2023/12/14	Announcement of the completion of debt payment for the third domestic unsecured convertible corporate bonds.
2024/01/26	INPAQ BOD resolution to make donation to the related party.
2024/01/26	New loan extended to subsidiary over NTD$10 million and exceeding 2% of the Company's net worth on the latest financial statements.
2024/01/29	New loan extended to subsidiary over NTD$10 million and exceeding 2% of the Company's net worth on the latest financial statements.
2024/02/22	Announce the approval of the FY 2023 consolidated financial report by the company’s board of directors.
2024/02/22	BOD resolved to convene the 2024 Annual General Shareholders' Meeting etc.
2024/02/27	Announcement of the resolution by the board of directors to distribute dividends, on behalf of subsidiary Inpaq Technology(Suzhou) Co., Ltd.
2024/03/01	Announcement of the resolution by the board of directors to distribute dividends, on behalf of subsidiary INPAQ (CAYMAN ISLANDS)LTD.
2024/03/27	The BOD resolved to propose dividends from year 2023.
2024/04/21	Announcement for the Board meeting date of the First Quarter of 2024 Financial Report.
2024/04/29	Announce the approval of the FY 2024Q1 consolidated financial report by the company’s board of directors.
2024/04/29	The BOD resolved to permit the engage managerial officer from the non-competition restrictions.

Appendix 1

Stock Code:6284

Inpaq Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements

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

Representation Letter

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

Company name: Inpaq Technology Co., Ltd.

Chairman: Pei-Cheng, Chen

Date: February 22, 2024.

Independent Auditors' Report

To the Board of Directors of Inpaq Technology Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Inpaq Technology Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition from customer with contracts

   Please refer to note 4(15) and note 6(22) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Group's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's internal controls surrounding the sales process and cash collection transaction process; selecting samples of sales transactions to assess the adequacy of the Group's timing on revenue recognition; and evaluating the rationale for any identified significant sales fluctuations, incurred within a certain period before or after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of Inventories

Please refer to note 4(8), note 5, and note 6(4) for accounting policies, accounting assumptions and estimation uncertainty, as well as related disclosure information for inventory, respectively.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which may lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Group's inventory valuation policy and the management's assumption used when measuring the allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Group's disclosure for inventories.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wan-Yuan Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2024

Notes to Readers

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

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

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

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 2,522,821	21	1,837,820	17
1110	Current financial assets at fair value through profit or loss (note 6(2))	5,599	-	-	-
1136	Current financial assets at amortised cost, net (notes 6(1) and (5))	574,381	5	475,460	5
1150	Notes receivable, net (note 6(3))	300,240	2	166,027	2
1170	Accounts receivable, net (note 6(3))	1,950,984	16	1,750,826	17
1180	Accounts receivable due from related parties (notes 6(3) and 7)	204,590	2	206,184	2
1210	Other receivables due from related parties, net (note 7)	939	-	2,225	-
1310	Inventories (note 6(4))	912,826	8	1,027,091	10
1479	Other current assets (note 6(2))	169,849	1	178,586	1
		6,642,229	55	5,644,219	54
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(2))	41,941	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(2))	486,905	4	454,314	4
1535	Non-current financial assets at amortised cost, net (note 6(5))	218,574	2	-	-
1550	Investments accounted for using the equity method (note 6(6))	14,566	-	11,816	-
1600	Property, plant and equipment (notes 6(8) and 7)	4,146,655	34	3,885,619	37
1755	Right-of-use assets (notes 6(9), (16) and 7)	51,784	1	54,490	1
1760	Investment property, net (notes 6(9) and (10))	8,343	-	9,221	-
1780	Intangible assets (note 6(11))	179,440	1	183,260	2
1840	Deferred tax assets (note 6(19))	132,210	1	124,981	1
1920	Refundable deposits (notes 7, 8 and 9)	42,000	1	46,935	-
1990	Other non-current assets (note 6(12))	73,993	1	125,122	1
		5,396,411	45	4,895,758	46
	Total assets	**$ 12,038,640**	**100**	**10,539,977**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(13))	$ 419,329	3	100,000	1
2170	Notes and accounts payable	1,036,232	9	806,326	8
2180	Accounts payable to related parties (note 7)	27,863	-	39,808	-
2201	Salary and bonus payable	273,137	2	254,916	2
2213	Payable on machinery and equipment	126,701	1	121,767	1
2220	Other payables to related parties (note 7)	12,194	-	10,212	-
2280	Lease liability-current (notes 6(16) and 7)	13,536	-	10,250	-
2322	Long-term borrowings, current portion (note 6(13))	429,676	4	361,100	4
2399	Other current liabilities	403,454	3	382,505	4
		2,742,122	22	2,086,884	20
	Non-current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (note 6(14))	2,374	-	-	-
2531	Bonds payable (note 6(14))	662,742	6	-	-
2540	Long-term borrowings (note 6(13))	1,436,018	12	2,260,615	21
2570	Deferred tax liabilities (note 6(19)	220,008	2	223,223	2
2580	Lease liabilities－non-current (notes 6(16) and 7)	26,040	-	31,390	-
2630	Long-term deferred revenue (notes 6(13) and (15))	31,020	-	31,099	-
2640	Net defined benefit liability, non-current (note 6(18)	16,726	-	22,385	-
2645	Guarantee deposits received	6,122	-	6,122	-
2600	Other non-current liabilities	8,432	-	8,432	-
		2,409,482	20	2,583,266	23
	Total liabilities	5,151,604	42	4,670,150	43
	Equity (note 6(20)):				
3100	Ordinary share capital	1,489,803	12	1,401,803	13
3200	Capital surplus	3,244,157	27	2,838,983	27
3300	Retained earnings	2,348,677	20	1,827,412	18
3400	Other equity	(240,380)	(2)	(246,228)	(2)
3500	Treasury shares	-	-	(1,418)	-
	Total equity attributable to owners of parent:	6,842,257	57	5,820,552	56
36XX	Non-controlling interests	44,779	1	49,275	1
	Total equity	6,887,036	58	5,869,827	57
	Total liabilities and equity	**$ 12,038,640**	**100**	**10,539,977**	**100**

See accompanying notes to consolidated financial statements.

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

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023			2022	
			Amount	%	Amount	%
4000	**Net operating revenue** (notes 6(22) and 7)	$	6,604,061	100	6,287,071	100
5000	**Operating costs** (notes 6(4), (16), (18), (23) and 7)		4,758,107	72	4,733,726	75
5900	**Gross profit**		1,845,954	28	1,553,345	25
6000	**Operating expenses** (notes 6(16), (18), (23) and 7)**:**					
6100	Selling expenses		364,809	6	364,669	6
6200	General and administrative expenses		330,494	5	291,336	5
6300	Research and development expenses		385,814	6	383,339	6
6450	Expected credit loss (note 6(3))		-	-	299	-
	Total operating expenses		1,081,117	17	1,039,643	17
6900	**Net operating income**		764,837	11	513,702	8
7000	**Non-operating income and expenses:**					
7100	Interest income (note 6(24))		108,983	2	31,523	1
7020	Other gains and losses (notes 6(24) and 7)		(3,135)	-	25,411	-
7050	Finance costs (notes 6(13), (14), (16), (24) and 7)		(51,019)	(1)	(26,017)	-
7230	Foreign exchange income (note 6(25))		16,539	-	189,898	3
7770	Share of profit of associates and joint ventures accounted for using the equity method (note 6(6))		3,035	-	(17,016)	-
	Total non-operating income and expenses		74,403	1	203,799	4
7900	**Profit before income tax**		839,240	12	717,501	12
7950	**Less: income tax expenses** (note 6(19))		128,737	2	126,921	2
	Net income		710,503	10	590,580	10
8300	**Other comprehensive income:**					
8310	**Items that may not be reclassified subsequently to profit or loss**					
8311	Gains on remeasurements of defined benefit plans (note 6(18))		2,078	-	5,414	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		84,109	1	(112,736)	(2)
8326	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		-	-	(338)	-
	Total items that may not be reclassified subsequently to profit or loss		86,187	1	(107,660)	(2)
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign financial statements		(48,602)	(1)	54,393	1
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		3,344	-	(56,035)	(1)
8371	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(285)	-	3,770	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss (note 6(19))		(9,777)	-	10,960	-
	Total items that may be reclassified subsequently to profit or loss		(35,766)	(1)	(8,832)	-
8300	**Other comprehensive income**		50,421	-	(116,492)	(2)
	Total comprehensive income	**$**	**760,924**	**10**	**474,088**	**8**
	Net profit attributable to:					
	Owners of the Company	$	714,999	10	590,929	10
	Non-controlling interests		(4,496)	-	(349)	-
		$	**710,503**	**10**	**590,580**	**10**
	Total comprehensive income attributable to:					
	Owners of the Company	$	765,420	10	474,437	8
	Non-controlling interests		(4,496)	-	(349)	-
		$	**760,924**	**10**	**474,088**	**8**
	Earnings per share (New Taiwan Dollars) (note 6(21))					
9750	Basic earnings per share	**$**		**5.01**		**4.22**
9850	Diluted earnings per share	**$**		**4.98**		**4.19**

See accompanying notes to consolidated financial statements.

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

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,401,803	2,906,644	172,581	54,455	1,087,366	1,314,402	(191,285)	72,372	(118,913)	(1,418)	5,502,518	-	5,502,518
Net income (loss) for the period	-	-	-	-	590,929	590,929	-	-	-	-	590,929	(349)	590,580
Other comprehensive income for the period	-	-	-	-	5,414	5,414	47,203	(169,109)	(121,906)	-	(116,492)	-	(116,492)
Total comprehensive income for the period	-	-	-	-	596,343	596,343	47,203	(169,109)	(121,906)	-	474,437	(349)	474,088
Appropriation and distribution of retained earnings:													
Appropriation legal reserve	-	-	58,402	-	(58,402)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	64,458	(64,458)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(84,081)	(84,081)	-	-	-	-	(84,081)	-	(84,081)
Due to donated assets received	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)
Cash dividends from capital surplus	-	(84,081)	-	-	-	-	-	-	-	-	(84,081)	-	(84,081)
Disposal of subsidiaries or investments accounted for using equity method (note 6(6))	-	16,419	-	-	(117)	(117)	(5,141)	597	(4,544)	-	11,758	-	11,758
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3	-	-	-	-	-	-	-	-	3	-	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	865	865	-	(865)	(865)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	49,624	49,624
Balance at December 31, 2022	1,401,803	2,838,983	230,983	118,913	1,477,516	1,827,412	(149,223)	(97,005)	(246,228)	(1,418)	5,820,552	49,275	5,869,827
Net income (loss) for the period	-	-	-	-	714,999	714,999	-	-	-	-	714,999	(4,496)	710,503
Other comprehensive income for the period	-	-	-	-	2,078	2,078	(39,110)	87,453	48,343	-	50,421	-	50,421
Total comprehensive income for the period	-	-	-	-	717,077	717,077	(39,110)	87,453	48,343	-	765,420	(4,496)	760,924
Appropriation and distribution of retained earnings:													
Appropriation legal reserve	-	-	59,710	-	(59,710)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	127,315	(127,315)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(238,307)	(238,307)	-	-	-	-	(238,307)	-	(238,307)
Capital increase by cash	88,000	305,015	-	-	-	-	-	-	-	-	393,015	-	393,015
Convertible bonds payable	-	94,718	-	-	-	-	-	-	-	-	94,718	-	94,718
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	42,495	42,495	-	(42,495)	(42,495)	-	-	-	-
Compensation cost arising from capital increase	-	4,378	-	-	-	-	-	-	-	-	4,378	-	4,378
Treasury shares transferred to employees	-	1,063	-	-	-	-	-	-	-	1,418	2,481	-	2,481
Balance at December 31, 2023	$ 1,489,803	3,244,157	290,693	246,228	1,811,756	2,348,677	(188,333)	(52,047)	(240,380)	-	6,842,257	44,779	6,887,036

See accompanying notes to consolidated financial statements.

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

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before income tax	$	839,240	717,501
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		426,606	409,841
Amortization expense		19,408	21,729
Expected credit loss		-	299
Net loss on financial assets or liabilities at fair value through profit or loss		2,023	-
Finance costs		51,019	26,017
Interest income		(108,983)	(31,523)
Dividend income		(1,626)	(18,057)
Share of loss (gain) of associates accounted for using the equity method		(3,035)	17,016
Loss on disposal of property, plant and equipment		4,131	8,188
Provision for inventory devaluation loss		86,122	26,855
Share-based payment transactions		5,444	-
Others		(4,008)	(2,306)
Total adjustments to reconcile profit		477,101	458,059
Changes in operating assets and liabilities:			
Notes receivable		(134,213)	(40,510)
Accounts receivable		(200,158)	183,938
Accounts receivable due from related parties		1,594	14,783
Other receivable due from related parties		1,286	238
Inventories		28,143	76,739
Other current assets		(5,753)	32,431
Notes and accounts payable		229,906	(278,184)
Accounts payable to related parties		(11,945)	(40,549)
Other payable to related parties		1,982	(8,777)
Salary and bonus payable		18,221	18,166
Other current liabilities		32,893	(43,300)
Total adjustments		439,057	373,034
Cash inflow generated from operations		1,278,297	1,090,535
Interest received		101,027	31,814
Dividends received		1,626	18,057
Interest paid		(49,667)	(26,463)
Income taxes paid		(127,119)	(110,893)
Net cash flows from operating activities		1,204,164	1,003,050

(Continued)

See accompanying notes to consolidated financial statements.

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

Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(218,236)	(43,607)
Proceeds from disposal of financial assets at fair value through other comprehensive income	275,342	2,488
Acquisition of financial assets at fair value through profit or loss	(47,406)	-
Acquisition of equity-method investee	-	(40,076)
Acquisition of financial assets measured at amortized cost	(4,115,949)	(1,234,592)
Disposal of financial assets measured at amortized cost	3,816,173	974,216
Acquisition of subsidiary	-	(187,784)
Proceeds from disposal of investments accounted for using equity method	-	317,092
Acquisition of property, plant and equipment	(628,275)	(869,979)
Proceeds from disposal of property, plant and equipment	14,125	19,819
Increase in refundable deposits	(4,888)	(18,365)
Acquisition of intangible assets	(15,559)	(11,072)
Increase in other non-current assets	(21,290)	(100,180)
Net cash flows used in investing activities	(945,963)	(1,192,040)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	3,319,617	1,188,315
Repayment of short-term borrowings	(3,000,000)	(1,241,802)
Proceeds from issuance of convertible bonds	758,169	-
Increase in long-term borrowings	400,000	1,180,870
Repayment of long-term borrowings	(1,156,100)	-
Payment of lease liabilities	(19,068)	(27,359)
Cash dividends paid	(238,307)	(168,162)
Capital increase by cash	393,015	-
Treasury shares transferred to employees	1,419	-
Net cash flows from financing activities	458,745	931,862
Effect of exchange rate changes on cash and cash equivalents	(31,945)	7,066
Net increase in cash and cash equivalents	685,001	749,938
Cash and cash equivalents at beginning of period	1,837,820	1,087,882
Cash and cash equivalents at end of period	$ **2,522,821**	**1,837,820**

See accompanying notes to consolidated financial statements.

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

Inpaq Technology Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

Inpaq Technology Co., Ltd. (hereinafter referred to as the “Company”) was established with the approval of the Ministry of Economic Affairs on June 23, 1998, and its registered address is 11 Keyi Street, Zhunan Town, Miaoli County. The Company’s shares have been listed for trading at the Taipei Exchange in R.O.C. since June 29, 2004.

The Company and its subsidiaries (together referred to as the “Group”) mainly engaged in the research, development, manufacturing and sales of integrated protection components, microwave composite miniature antennas and modules, and multilayer microwave communication components and their modules.

2. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2024.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (the "FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

● Amendments to IAS 1 “Disclosure of Accounting Policies”

● Amendments to IAS 8 “Definition of Accounting Estimates”

● Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

(2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

● Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

● Amendments to IAS 1 “Non-current Liabilities with Covenants”

- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(3) The impact of IFRS issued by the International Accounting Standards Board (the "IASB") but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies:

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

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

(a) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and

(b) The net defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares its consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements is as follows:

			Shareholding		
Name of Investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	Inpaq (BVI) Ltd. (Inpaq BVI)	General investing	100%	100%	
The Company	Canfield Limited (Canfield)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%	
The Company	Inpaq Technology USA, Inc. (Inpaq USA)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%	
Inpaq BVI	Inpaq (Cayman Islands) Ltd. (Inpaq Cayman)	General investing	100%	100%	

Name of Investor	Name of subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
Inpaq BVI	Inpaq (HK) Co., Limited	General investing	100%	100%	
Inpaq Cayman	Holypaq Tech (Suzhou) Co. Ltd.	Manufacture and sales of new high-frequency electronic components, power electronic components, optoelectronic devices, sensor components and supporting products	100%	100%	
Inpaq Cayman	Inpaq technology (China) Co., Ltd.	Development and production of new electronic components, chip components, sensitive components and sensors, power electronic components, new electromechanical components and sales	100%	100%	
Inpaq (HK) Co., Limited	Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	-%	100%	Note 2
Holypaq Tech (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	General investing	100%	100%	
Holypaq Tech (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%	
Holypaq Tech (Suzhou) Co., Ltd.	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	100%	100%	
Holypaq (HK) Co., Limited	Taiwan Inpaq Electronic Co., Ltd.	Electronic components manufacturing, wholesale and retail	100%	100%	
The Company	Eleceram Technology Co., Ltd.	Manufacturing and selling of electronic components	72.9%	72.9%	Note 1

Note 1: The Group obtained control of Eleceram on July 1, 2022, and included it in the consolidated financial statements from that date, please refer to Note 6(7).

Note 2: The liquidation of Inpaq Trading has been completed in 2023.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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 retranslated 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 transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) an investment in equity securities designated as at fair value through other comprehensive income;

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Exchange differences are recognized in other comprehensive income.

(5) 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. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

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. It expects to settle the liability in its normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Group 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 issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprise cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and 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 which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are 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; fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI) – debt investment; or FVOCI – equity investment. Financial assets are not reclassified subsequent to 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) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group 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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

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

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

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime 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 default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Group in full.

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

12-month ECLs are the portion of ECLs that result 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 ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

(e) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences 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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as 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.

(f) Derecognition of financial liabilities

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

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.

(g) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

(8) Inventories

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

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On June 17, 2022, the Group sold its entire shares in Joyin to a related party, Prosperity Dielectrics Co., Ltd., through a resolution approved by the board of directors. In accordance with the "Accounting for the transfer of shares of associate by subsidiaries within the group", the book value method should be analogously applied to the "Accounting for Business Combinations of Entities Under Common Control". In addition, the Group chose not to retrospectively treat Joyin's shares as held by Prosperity Dielectrics Co., Ltd. from the beginning and not to restate the comparative financial statements in accordance with the "Accounting for retrospective restatement of comparative financial statements under common control".

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 4 to 51 years

(b) Machinery and equipment: 1 to 15 years

(c) Other equipment: 1 to 20 years

Buildings and construction constitute mainly buildings, mechanical and electrical power equipment, laboratory engineering, related engineering, etc. Each constituent is depreciated based on its useful life between 50 years and 20 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

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

B. As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

(a) fixed payments (including in substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

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

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or

(e) there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(13) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less, accumulated amortization and any accumulated impairment losses.

Other intangible assets, including computer software, customer relationships, patents and trademarks and others that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

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

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

(a) Computer software: 1~10 years

(b) Customer relationships: 6 years

(c) Trademarks and patents: 6 years

(d) Others: 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(15) Revenue from contract with customers

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

A. Sale of goods

The Group involves in research, develop, design, manufacture and sales of integrated protection components, microwave composite miniature antennas and modules. The Group recognizes revenue when control of the products has been 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 the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customer' s. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of goods are made, which is consistent with the market practice.

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

B. Financing components

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

(16) Government grants and government assistance

The Group recognizes an unconditional government grant related to the long-term borrowing in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

C. Short-term employee benefits

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

(18) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group’s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(19) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(20) 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 shall be recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases.

Deferred taxes are recognized except for the following:

A. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences；

B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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 it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

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

A. The Group 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.

(21) Earnings per share

The Group discloses the Group’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as the convertible bonds and employee remuneration through the issuance of shares.

(22) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC 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. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Group uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description of the valuation of inventories.

The Group's finance department conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The Group's financial department also periodically adjusts valuation models, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(25) for assumptions used in measuring fair value.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and demand deposits	$ 1,060,058	1,536,423
Time deposits	1,462,763	301,397
	$ 2,522,821	1,837,820

As of December 31, 2023 and 2022, the bank certificate of deposit with original maturity over 3 months amounting to $539,573 and $464,276, which were reclassified to other financial asset. Please refer to note 6(5).

Please refer to note 6(25) for the exchange rate risk of the financial assets and liabilities of the Group.

(2) Financial assets

Financial assets at fair value through profit or loss — current:

	December 31, 2023	December 31, 2022
Foreign funds —Morgan Stanley	$ 5,599	-
Financial assets at fair value through profit or loss — non-current:		
Foreign funds－GLG Japan Corealpha	$ 21,058	-
Foreign stocks－Marubeni Corp.	10,303	-
Foreign stocks－Mitsui & Co., Ltd	10,580	-
	$ 41,941	-

For the information of fair value of financial instruments, please refer to note 6(24).

Financial assets at fair value through other comprehensive income — non-current:

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income:		
Corporate bonds – Microsoft Corporation	$ 21,818	20,831
Corporate bonds – Apple Inc.	77,276	75,139
Corporate bonds – Amazon.com, Inc.	41,391	39,763
Corporate bonds – Saudi Arabian Oil Co.	43,225	42,053
Corporate bonds – Bank of America	45,061	45,158
Corporate bonds – Commonwealth Bank of Australia	215,497	-
	444,268	222,944

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stocks in listed domestic companies	-	198,934
Stocks in unlisted domestic companies	42,637	32,436
	42,637	231,370
	$ 486,905	454,314

A. Debt investment at fair value through other comprehensive income

The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

In February 2023, the Group purchased corporate bonds issued by Commonwealth Bank of Australia , with a face value of US$7,000 thousand. The fair values at the time of acquisition was $215,736, with the interest rate of 5.079% and maturing on January 10, 2025.

B. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for strategic purposes.

The Group sold the shares of King Polytechnic Engineering Co., Ltd. on September 13, 2022. The fair value at the time of disposal was $2,488, and the accumulated disposal benefits amounted to $865. Other interests are transferred to retained earnings.

The Group sold the shares of APAQ Technology Co., Ltd. on second quarter of 2023. The fair value at the time of disposal was $275,342, and the accumulated disposal benefits amounted to $42,495. Other interests are transferred to retained earnings.

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

Please refer to note 6(24) for the dividends income received from the equity investments at fair value through other comprehensive income during the years ended December 31, 2023 and 2022.

(3) Notes and accounts receivables (included related parties)

A. Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 300,240	166,027

B. Accounts receivables, net

	December 31, 2023	December 31, 2022
Accounts receivable	$ 1,960,854	1,760,848
Less: Loss allowance	(9,870)	(10,022)
	$ 1,950,984	1,750,826

C. Accounts receivable due from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	$ 204,590	206,184

The Group 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, notes and accounts 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 loss allowance provisions in Taiwan were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,408,848	-	-
1 to 90 days past due	53,654	12.47%	6,688
91 to 180 days past due	596	100%	596
More than 181 days past due	2,586	100%	2,586
	$ 2,465,684		9,870

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,083,410	-	-
1 to 90 days past due	48,366	18.07%	8,739
91 to 180 days past due	459	100%	459
More than 181 days past due	824	100%	824
	$ 2,133,059		10,022

The movements in the allowance for notes and accounts receivables were as follows:

		2023	2022
Balance at January 1	$	10,022	14,585
Impairment loss recognized		-	299
Amounts written off		-	(4,989)
Effect of movements in foreign exchange and others		(152)	127
Balance at December 31	$	9,870	10,022

(4) Inventories

		December 31, 2023	December 31, 2022
Raw materials	$	303,829	371,738
Work in progress and semi-finished goods		173,310	170,940
Finished goods and merchandise		435,687	484,413
	$	912,826	1,027,091

The details of operating costs were as follows:

		2023	2022
Cost of goods sold	$	4,716,321	4,732,169
Provision for inventory obsolescence and devaluation loss		86,122	26,855
Revenue from sales of scrap		(44,336)	(25,298)
	$	4,758,107	4,733,726

As of December 31, 2023 and 2022, the Group's inventories were not pledged.

(5) Financial assets measured at amortized cost

		December 31, 2023	December 31, 2022
Current:			
Time deposit (over three-month)	$	539,573	464,276
Others		34,808	11,184
	$	574,381	475,460
Non-current:			
Foreign corporate bonds – Union Bank of Switzerland	$	123,823	-
Foreign corporate bonds – Unitedhealth Group Inc.		94,751	-
	$	218,574	-

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

In 2023, the Group purchased corporate bonds issued by Union Bank of Switzerland, with a face value of US$4,000 thousand. The fair value at the time of acquisition was $127,660, with the interest rate of 5.65% and the effective interest rate of 5.25%~5.83%, and maturing on September 11, 2028. Besides, the Group purchased corporate bonds issued by Unitedhealth Group Inc., with a face value of US$3,000 thousand. The fair value at the time of acquisition was $97,131, with the interest rate of 5.25% and the effective interest rate of 4.52%, and maturing on February 15, 2028.

As of December 31, 2023 and 2022, the Group did not provide any financial assets measured at amortized cost as collateral for its loans.

(6) Investments accounted for using the equity method

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

	December 31, 2023	December 31, 2022
Associates	$ 14,566	11,816

On January 3, 2022, the Group increased its investment and acquired a total of 2,672 thousand shares of Joyin Co., Ltd., and the total transaction price is $40,076. The holding right is reduced to 22.46%.

The Group holds 22.46% of the voting shares of Joyin Co., Ltd., becoming its the single largest shareholder. Although the remaining 77.54% of the shares held by Joyin Co., Ltd. are not concentrated among specific shareholders, the Group still cannot obtain a majority of Joyin Co., Ltd. director seats, and has not obtained more than half of the voting rights of the shareholders present at the shareholders' meeting. Therefore, the Group concluded that the Group has only significant influence on Joyin Co., Ltd.

On June 17, 2022, the Group disposed its entire 17,519 thousand shares in Joyin Co., Ltd. to Prosperity Dielectrics Co., Ltd. (subsidiary of Walsin). This was deemed as organizational restructure in accordance with the IFRS Q&A issued by Accounting Research and Development Foundation in Taiwan - "Accounting treatment for the transfer of shares of associate by subsidiaries within the Group" and "Accounting treatment for business combination under common control". The difference between the disposal price of $317,092, and the book value of investments accounted for using the equity method of $16,419, was recognized as an addition of the capital surplus.

Associates:

The Group's financial information for investments accounted for using the equity method as follows:

	December 31, 2023	December 31, 2022
Total assets	$ 125,552	93,324
Total liabilities	$ 79,844	52,821

	2023	2022
Revenue	$ 91,978	649,527
Net income (loss)	$ 6,158	(49,852)

In 2023 and 2022, the Group' s share of the net income of associates was as follows:

	2023	2022
Profit (loss) from continuing operations	$ 3,035	(17,016)

(7) Business combination

The Group acquired 72.9% of the shares of Eleceram Technology Co., Ltd. from Joyin Co., Ltd. on July 1, 2022, and the Group has taken control of Eleceram Technology Co., Ltd. since July 1, 2022, and incorporated the financial statements of Eleceram Technology Co., Ltd. into the Group on that date.

Eleceram Technology Co., Ltd., which specializes mainly in manufacturing and selling of electronic components, is expected to expand the market share of the Group in the related fields.

A. The following table summarizes the acquisition date fair value of major class of consideration transferred.

	Account
Cash	$ 209,946

B. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	Account
Cash and cash equivalents	$ 22,162
Notes receivable	1,453
Accounts receivable	9,444
Inventories	16,679
Other current financial assets	7,006
Other current assets	8,816
Property, plant and equipment	223,246
Other non-current assets	1,070
Notes payable	(5,369)
Accounts payable	(12,495)
Current tax liabilities	(1,019)
Accrued expense	(6,349)
Other current liabilities	(1,398)
Other non-current liabilities	(8,432)
Total identifiable net assets acquired	$ 254,814

C. Goodwill arising from the acquisition has been recognized as follows:

		Account
Consideration transferred	$	209,946
Add: Fair value of the non-controlling interests		49,624
Less: Fair value of identifiable net assets		(254,814)
Goodwill	**$**	**4,756**

(8) Property, plant and equipment

		Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2023	$	423,424	1,255,649	3,577,902	1,075,666	884,634	7,217,275
Additions		-	149,450	214,364	37,618	231,776	633,208
Disposal and obsolescence		-	(653)	(94,198)	(83,476)	(7,293)	(185,620)
Reclassification		-	714,461	174,311	16,610	(831,790)	73,592
Effect of movements in exchange rates		-	(13,335)	(19,499)	(6,833)	(2,591)	(42,258)
Balance on December 31, 2023	**$**	**423,424**	**2,105,572**	**3,852,880**	**1,039,585**	**274,736**	**7,696,197**
Balance on January 1, 2022	$	236,552	1,114,141	3,144,038	944,640	591,809	6,031,180
Additions		6	51,144	165,858	84,311	553,746	855,065
Disposal and obsolescence		-	(2,539)	(42,649)	(19,431)	(13,062)	(77,681)
Reclassification to investment property		-	(15,703)	-	-	-	(15,703)
Reclassification		-	79,988	240,122	33,788	(245,366)	108,532
Acquisition through business combinations (note6(7))		186,866	4,972	54,256	26,437	-	272,531
Effect of movements in exchange rates		-	23,646	16,277	5,921	(2,493)	43,351
Balance on December 31, 2022	**$**	**423,424**	**1,255,649**	**3,577,902**	**1,075,666**	**884,634**	**7,217,275**
Accumulated depreciation:							
Balance on January 1, 2023	$	-	463,808	2,207,494	660,354	-	3,331,656
Depreciation for the year		-	62,985	242,660	100,608	-	406,253
Disposal and obsolescence		-	(531)	(89,676)	(77,157)	-	(167,364)
Reclassification		-	640	534	-	-	1,174
Effect of movements in exchange rates		-	(5,255)	(12,513)	(4,409)	-	(22,177)
Balance on December 31, 2023	**$**	**-**	**521,647**	**2,348,499**	**679,396**	**-**	**3,549,542**

	Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Balance on January 1, 2022	$ -	413,690	1,955,470	565,686	-	2,934,846
Depreciation for the year	-	47,023	240,177	93,865	-	381,065
Disposal and obsolescence	-	(1,311)	(37,637)	(10,726)	-	(49,674)
Reclassification to investment property	-	(5,939)	-	-	-	(5,939)
Reclassification	-	-	-	310	-	310
Acquisition through business combinations (note 6(7))	-	4,589	37,360	7,336	-	49,285
Effect of movements in exchange rates	-	5,756	12,124	3,883	-	21,763
Balance on December 31, 2022	$ -	463,808	2,207,494	660,354	-	3,331,656
Carrying amounts:						
Balance on December 31, 2023	$ 423,424	1,583,925	1,504,381	360,189	274,736	4,146,655
Balance on January 1, 2022	$ 236,552	700,451	1,188,568	378,954	591,809	3,096,334
Balance on December 31, 2022	$ 423,424	791,841	1,370,408	415,312	884,634	3,885,619

Please refer to note 7 for the Group’s transaction of property, plant and equipment with related parties.

On April 1, 2022, part of the office with a fair value of $9,764 was transferred to investment property, because it was no longer used by the Group and it was decided to lease the office to third party.

(9) Right-of-use assets

The Group leased several assets including land and buildings. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ 28,523	79,975	108,498
Additions	-	36,727	36,727
Disposals	-	(74,708)	(74,708)
Effect of movements in exchange rates	(264)	-	(264)
Balance at December 31, 2023	$ 28,259	41,994	70,253
Balance at January 1, 2022	$ 28,310	143,262	171,572
Additions	-	4,829	4,829
Disposals	-	(68,116)	(68,116)
Effect of movements in exchange rates	213	-	213
Balance at December 31, 2022	$ 28,523	79,975	108,498

	Land	Buildings	Total
Accumulated depreciation:			
Balance at January 1, 2023	$ 4,673	49,335	54,008
Depreciation for the year	1,722	17,903	19,625
Disposals	-	(55,143)	(55,143)
Effect of movements in exchange rates	(21)	-	(21)
Balance at December 31, 2023	$ 6,374	12,095	18,469
Balance at January 1, 2022	$ 2,922	37,097	40,019
Depreciation for the year	1,706	26,519	28,225
Disposals	-	(14,281)	(14,281)
Effect of movements in exchange rates	45	-	45
Balance at December 31, 2022	$ 4,673	49,335	54,008
Carrying amount:			
Balance at December 31, 2023	$ 21,885	29,899	51,784
Balance at January 1, 2022	$ 25,388	106,165	131,553
Balance at December 31, 2022	$ 23,850	30,640	54,490

Please refer to note 7 for the Group's transaction of right-of-use assets with related parties.

As of December 31, 2023 and 2022, the Group's right-of-use assets were not pledged.

(10) Investment property

	Buildings
Cost:	
Balance as of January 1, 2023	$ 15,709
Effect of movements in exchange rates	(277)
Balance as of December 31, 2023	$ 15,432
Balance as of January 1, 2022	$ -
Transfer from property, plant and equipment	15,703
Effect of movements in exchange rates	6
Balance as of December 31, 2022	$ 15,709
Accumulated depreciation and impairment losses:	
Balance as of January 1, 2023	$ 6,488
Depreciation for the year	728
Effect of movements in exchange rates	(127)
Balance as of December 31, 2023	$ 7,089

		Buildings
Balance as of January 1, 2022	$	-
Depreciation for the year		551
Transfer from property, plant and equipment		5,939
Effect of movements in exchange rates		(2)
Balance as of December 31, 2022	$	6,488
Carrying amounts:		
Balance at December 31, 2023	$	8,343
Balance at December 31, 2022	$	9,221
Fair value:		
Balance at December 31, 2023	$	11,259
Balance at December 31, 2022	$	11,541

Investment property comprises commercial real estate owned by the Group leased to third parties by operating lease. The leases of investment properties contain an initial non-cancellable lease term of 3 years. The lessee have the option to extend the lease term pursuant to the lease contract. For the additions of the investment properties of the group for the year ended December 31, 2022, please refer to note 6(9). Please refer to note 6(17) for the details of the related rental income.

As of December 31, 2023 and 2022, the Group's investment properties were not pledged.

(11) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

		Goodwill	Patent and client relationships	Development costs	Total
Costs:					
Balance at January 1, 2023	$	124,829	53,117	177,601	355,547
Additions		-	-	15,559	15,559
Effect of movement in exchange rates		-	(121)	(261)	(382)
Balance at December 31, 2023	$	124,829	52,996	192,899	370,724
Balance at January 1, 2022	$	120,073	53,019	166,096	339,188
Additions		-	-	11,072	11,072
Acquisition through business combinations (refer to Note 6(7))		4,756	-	-	4,756
Effect of movement in exchange rates		-	98	433	531
Balance at December 31, 2022	$	124,829	53,117	177,601	355,547

	Goodwill	Patent and client relationships	Development costs	Total
Accumulated amortization:				
Balance at January 1, 2023	$ -	31,395	140,892	172,287
Amortization for the year	-	8,688	10,720	19,408
Effect of movement in exchange rates	-	(90)	(321)	(411)
Balance at December 31, 2023	**$ -**	**39,993**	**151,291**	**191,284**
Balance at January 1, 2022	$ -	22,666	127,605	150,271
Amortization for the year	-	8,698	13,031	21,729
Effect of movement in exchange rates	-	31	256	287
Balance at December 31, 2022	**$ -**	**31,395**	**140,892**	**172,287**
Carrying value:				
Balance at December 31, 2023	**$ 124,829**	**13,003**	**41,608**	**179,440**
Balance at January 1, 2022	**$ 120,073**	**30,353**	**38,491**	**188,917**
Balance at December 31, 2022	**$ 124,829**	**21,722**	**36,709**	**183,260**

As of December 31, 2023 and 2022, the Group’s intangible assets were not pledged.

Impairment test of goodwill

For the purposes of impairment testing, goodwill and other intangible assets arising from the Group’s acquisition are allocated to the following cash-generating units (or group of cash generating units), that are expected to benefit from the synergies of the combination.

	December 31, 2023	December 31, 2022
High-frequency component department	$ 120,073	120,073
Passive component department	4,756	4,756
	$ 124,829	**124,829**

Goodwill acquired in a business combination is tested for impairment at least annually. The key assumptions used in the estimation of value in use were as follows:

	December 31, 2023	December 31, 2022
Discount rate	15.66%	14.08%

The discount rate is estimated based on the industry weighted-average cost of capital and the risk premium is adjusted to reflect the increasing risk of general investment in equity and the specific systemic risk of cash-generating units. Cash flow projections are based on five-year financial budgets approved by management and extrapolated to subsequent years at a flat growth rate. The growth rate estimated by extrapolated cash flow is 0% sustainable growth.

The values of the aforementioned key assumptions represent management's assessment of the future trends of related industries and consider historical information from internal and external sources. According to the impairment test assessment in the year of 2023 and 2022, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

(12) Other current assets and other non-current assets

The other current assets others and other non-current assets of the Group were as follows:

	December 31, 2023	December 31, 2022
Prepayments for business facilities	$ 70,293	120,079
Prepaid expenses	30,025	35,481
Net input VAT	49,495	39,426
Tax receivables and prepaid income tax	70,493	74,783
Unamortized expenses	17,214	22,176
Prepayments to suppliers	1,346	7,349
Others	4,976	4,414
	$ 243,842	**303,708**
Other current assets	$ 169,849	178,586
Other non-current assets	73,993	125,122
	$ 243,842	**303,708**

(13) Short-term and long-term borrowings

A. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	$ 35,000	-
Unsecured bank loans	384,329	100,000
	$ 419,329	**100,000**
Unused credit lines	**$ 4,527,828**	**3,559,043**
Range of interest rate	**0.00%~2.99%**	**1.63%**

Please refer to note 6(25) for the liquidity risk and foreign currency risk of the borrowings of the Group.

For assets pledged as collateral for borrowings, please refer to note 8.

B. Long-term borrowings:

Financial Institution	Objective	Maturity date	December 31, 2023	December 31, 2022
Chang Hwa Bank	Working capital	August, 2027	$ 524,745	573,321
CTBC Bank	Purchase of additional equipment	December, 2026	388,044	388,028
Chang Hwa Bank	Purchase of additional building	April, 2031	347,951	347,928
E. Sun Bank	Purchase of additional equipment	March, 2025	304,954	492,438
Chang Hwa Bank	Working capital	July, 2028	300,000	-
Hua Nan Bank	Working capital	December, 2025	-	300,000
Mega Bank	Working capital	September, 2026	-	300,000
Far Eastern Bank	Working capital	March, 2024	-	220,000
Less: Long-term borrowings, current portion			(429,676)	(361,100)
			$ 1,436,018	2,260,615
Unused credit lines			$ 600,000	900,000
Range of interest rate			1.650%~2.000%	1.075%~1.875%

C. Government low-interest loan

According to "Loans for Returning Overseas Taiwanese Businesses", starting from March 2020, the Group has successively obtained project loans from E. Sun Bank, Chang Hwa Bank and CTBC Bank, respectively. The total loans amounted to $1,833,820. The market interest rates of the loans were 1.65%, 1.70% and 2.00%, respectively, which were used to recognize and measure the book value of the loans. The preferential interest rates of the loans were 1.15%, 1.20% and 1.50%, respectively. The difference between the market interest rate and preferential interest rate was deemed as government subsidies. Please refer to note 6 (15) for details.

(14) Convertible bonds payable

The Group issued the third secured convertible bonds on December 14, 2023, and Taishin International Bank Co., Ltd. served as the guarantor. Information about the convertible bonds payable are as follows:

	December 31, 2023
Convertible bonds payable	$ 700,000
Unamortized discounts on convertible bonds payable	(37,258)
Carrying amount	$ 662,742
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	$ 2,374
Equity component – conversion options (recorded in capital surplus – share options)	$ 94,718

	2023
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	$ (630)
Interest expenses	$ 1,035

The following are the issuance conditions:

A. Issue amount: The total amount of the issue is $700,000 thousand, with a face value of $100 thousand. Issued at 108.68% of face value.

B. Tenor: The bonds were issued for a period of 3 years. The issue date is December 14, 2023, and the maturity date is December 14, 2026.

C. Coupon rate: 0%

D. Conversion period: One month after the issue date and 10 days before the maturity date.

E. Conversion price and adjustments:

The Company used November 24, 2023 as the base date for setting the conversion price. The base day (exclusive) is the business day before, the three business days before, and the five business days before the company. Choose one of the simple arithmetic average of the closing prices of common stocks as the base price, and then multiply the base price by 110% as the calculation basis, which is the conversion price of the convertible bonds (calculated to TWD cents, rounded off to the next cent). If there is ex-rights or ex-dividend before the pricing base date, the closing price that is sampled and used to calculate the conversion price should first be calculated as the post-ex-right or ex-dividend price; after the conversion price is determined and before the actual issuance date, if there is ex-right or ex-dividend, it should be adjusted according to the conversion price adjustment formula. The conversion price at the time of issuance was TWD92.0 per share.

After the Company converts the bonds except for the exchange of various securities issued by the Company (or private placement) with common stock conversion rights or stock options for common shares or the issuance of new shares due to employee bonuses, in the event that if the number of ordinary shares issued (or privately placed) increases, the Company shall adjust the conversion price according to the formula stipulated in the conversion regulations.

F. The Company’s right to redeem the above-mentioned converted corporate bonds:

(a) After 3 months of the issue date (March 15, 2024), if the closing price of the Company’s common shares on the stock exchange exceeds the current conversion price of the convertible bonds by not less than 30% for thirty consecutive business days, the Company may redeem the bonds forty days before the maturity date (November 4, 2026). The Company may notify the bondholders within the next thirty business days, and the bond will be redeemed from the bondholders in cash according to the face value of the bond.

(b) After 3 months of the issue date (March 15, 2024), if the balance of outstanding convertible bonds is less than 10% of the original total issued amount, the Company may redeem the bonds forty days before the maturity date (November 4, 2026). The Company may notify the bondholders at any time and redeem the bonds from the bondholders in cash according to the face value of the bond.

G. Bondholder’ s put right:

The bondholders can sell back the bonds 2 years after the bonds issuance (December 14, 2025). A written notice is required to be given to to the Company’ s stock agency before 40 days of the sell back date to request to sell back the bonds with the face value of the bonds plus interest compensation. The aforementioned interest compensation is calculated at 100% of the face value of the bonds (the return of sell back is 0%). When the Company accepts the sell back request, it should be redeemed in cash within five business days after the sell back base date.

(15) Long-term deferred revenue

	December 31, 2023	December 31, 2022
Long-term deferred revenue－government subsidies	$ 31,020	31,099

If the Group fails to meet the conditions of the note 6(13) mentioned project loan, and the National Development Fund will cease to subsidize the Group, and the Group shall pay the interest according to the original agreed interest rate, plus, the annual interest rate.

(16) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 13,536	10,250
Non-current	26,040	31,390
	$ 39,576	41,640

For maturity analysis, please refer to note 6(25).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 797	1,375
Expenses relating to short-term leases	$ 31,473	34,101

The amounts recognized in the statement of cash follow by the Group:

	2023	2022
Total cash outflow for leases	$ 51,338	62,835

A. Land and building leases

The Group leases land and buildings for its parking spaces, office space and factories. The leases of land typically run for a period of 10 years, and of buildings for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

B. Other leases

The Group leases dormitories and vehicles, with lease terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(17) Operating lease

The Group leases out its investment properties and offices. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The maturity analysis of lease payments is based on the undiscounted total lease payments to be received after the reporting date as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 699	649
One to two years	238	710
Two to three years	-	242
Total undiscounted lease payments	**$ 937**	**1,601**

(18) Employee benefits

A. Defined benefit plans

Reconciliations of the defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 58,471	62,862
Fair value of plan assets	(41,745)	(40,477)
Net defined benefit liabilities	**$ 16,726**	**22,385**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to $41,745 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company was as follows:

	2023	2022
Defined benefit obligations at January 1	$ 62,862	67,410
Current service costs and interest cost	857	348
Benefits paid from provision account	(2,450)	-
Benefits paid from plan assets	(1,023)	(2,447)
Remeasurements gain	(1,775)	(2,449)
Defined benefit obligations at December 31	**$ 58,471**	**62,862**

(c) Movements of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 40,477	38,059
Contributions made	1,424	1,699
Interest income	564	202
Benefits paid from plan assets	(1,023)	(2,447)
Remeasurements gain	303	2,964
Fair value of plan assets at December 31	**$ 41,745**	**40,477**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2023	2022
Net interest of net liabilities for the defined benefit obligations	$ 293	146

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.2504%	1.3636%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2023 is $1,699.

The weighted-average lifetime of the defined benefits plans is 12 years.

(f) Sensitivity analysis

The Company's remeasurements of the net defined benefit liability as of years ended December 31, 2023 and 2022 amounted to $20,948 and $22,385, respectively. If the future salary increase rate rises or falls by 0.25%, net defined benefit liability would have increase by $1,661 and $1,775 or decrease by $1,607 and $1,715, respectively.

B. Defined contribution plansl

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with 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.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $28,317 and $29,376 for the years ended December 31, 2023 and 2022, respectively.

Foreign subsidiaries within the Group have also set up defined contribution plans, as necessary, in accordance with the regulations in respective countries. The pension costs incurred from the foreign subsidiaries amounted to $41,796 and $42,357 for the years ended December 31, 2023 and 2022, respectively.

(19) Income taxes

A. Income tax expenses

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current tax expense		
Current period	$ 129,404	129,207
Origination and reversal of temporary differences	(667)	4,768
Recognition of previously unrecognized tax losses	-	(7,054)
	(667)	(2,286)
Income tax expense excluding tax on sale of discontinued operation	**$ 128,737**	**126,921**

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Exchange differences on translation of foreign financial statements	**$ (9,777)**	**10,960**

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Profit before income tax	$ 839,240	717,501
Income tax using the Company’s domestic tax rate	167,848	143,500
Effect of tax rates in foreign jurisdiction	88,042	34,756
Gain on investments accounted for equity method and permanent differences	(132,604)	(81,154)
Tax incentives	(9,506)	-
Current-year losses for which no deferred tax asset was recognized	-	12,460
Change in provision in prior periods	14,957	17,359
Total	**$ 128,737**	**126,921**

B. Deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

As of December 31, 2023, the information of the Taiwan Inpaq Electronic Co., Ltd.’ s unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2020 (assessed)	$ 114,305	2030
2021 (filed)	112,694	2031
2022 (filed)	152,718	2032
	$ 379,717	

The tax authority decided to exclude a tax losses of $62,302 and $83,345 from the 2019 profit seeking enterprise income tax return filed by the Company and Taiwan Inpaq Electronic Co, Ltd.. However, the Company and Taiwan Inpaq Electronic Co, Ltd. disagreed on this decision and filed an appeal to the tax authority on September 14, 2022. Both of the appeals were rejected by the Ministry of Finance on February 23, 2023 and March 23, 2023.As of December 31, 2023, the Group had not recognized deferred income tax assets for the above tax losses.

(a) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities amounting $271,849 and $137,625, respectively.

(b) Recognized deferred tax assets and liabilities

Deferred Tax Assets	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Inventory valuation losses	$ 16,484	(1,379)	-	17,863	(2,281)	-	20,144
Unrealized foreign exchange loss	387	(533)	-	920	(13,840)	-	14,760
Loss carryforward	84,745	(7,054)	-	91,799	15,856	-	75,943
Foreign currency translation differences for foreign operations	20,385	-	10,960	9,425	-	(9,777)	19,202
Others	5,067	93	-	4,974	2,813	-	2,161
	$ 127,068	**(8,873)**	**10,960**	**124,981**	**2,548**	**(9,777)**	**132,210**

Deferred Tax Liabilities	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Recognized directly in equity	$ (210,290)	5,888	-	(216,178)	(1,662)	-	(214,516)
Acquisition of subsidiary-Property, plant and equipment	(276)	2,425	-	(2,701)	(2,488)	-	(213)
Acquisition of subsidiary-Intangible asset	(6,070)	(1,726)	-	(4,344)	935	-	(5,279)
	$ (216,636)	**6,587**	**-**	**(223,223)**	**(3,215)**	**-**	**(220,008)**

C. The Company's tax returns have been assessed by the tax authorities through 2019.

(20) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized ordinary shares of the Company amounted to $3,000,000, included the shares reserved for exercising of employee share options of $150,000. The issued ordinary share capital with a par value of $10 per share amounted to $1,489,803 and $1,401,803 as of December 31, 2023 and 2022, respectively.

On June 30, 2023, the Company's Board of Directors approved the issuance of 8,800 thousands ordinary shares for cash, with par value of $10 per share, amounting to $88,000. The price issued per share was $45, amounting to $396,000 (amount received after deducting the related issuance cost of $2,985 is $393,015). The Company has received approval from the Financial Supervisory Commission for this capital increase on August 4, 2023, with September 13, 2023 as the date of capital increase. The relevant statutory registration procedures have since been completed.

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	Ordinary shares	
	2023	**2022**
Balance on January 1	140,136	140,136
Add: Issued for cash	8,800	-
Add: Exercise of share options	45	-
Balance of December 31	**148,981**	**140,136**

B. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Premium of common stock	$ 2,977,270	2,667,877
Treasury shares transferred to employees	136,808	135,745
Premium of corporate bonds converted to common stock	15,722	15,722
Stock options－fair value differences of associates under equity method	16,570	16,570
Convertible bonds payable	94,718	-
Donation from shareholders	1,917	1,917
Effect of capital increase of associates	1,152	1,152
	$ 3,244,157	2,838,983

According to the R.O.C. Company Act, 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 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 in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company’s article of incorporation stipulate 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 legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

(a) Legal reserve

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

(b) Special reserve

The Company chose to apply the exemption under IFRS 1 - "First-time Adoption of International Financial Reporting Standards" at its initial adoption of IFRS Accounting Standards. The cumulative translations adjustments originally reported under shareholders' equity were reclassified to retained earnings , amounting to $46,817. The net increase in retained earnings due to the first adoption of IFRS 1 on the conversion date was $9,173. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. When there is any subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and proportionately appropriate the earnings distribution originally allocated to special reserve. As of December 31, 2023 and 2022, the aforementioned special reserve both amounted to $9,173.

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

(c) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 16, 2023 and June 14, 2022 as follows:

	2022		**2021**	
	Total amount	**Amount per share**	**Total amount**	**Amount per share**
Appropriation legal reserve	$ 59,710		58,402	
Appropriation of special reserve	127,315		64,458	
Cash dividends	238,307	1.70	84,081	0.60
	$ 425,332		**206,941**	

In addition, on June 14, 2022, the Company passed the resolution of the shareholders' meeting to distribute cash dividends of $84,081 to the capital surplus in excess of par value, at a rate of $0.6 per share. The resolution was passed in accordance with Article 241, paragraph 1, subparagraph 1 of the Company Act.

The appropriation of earnings distribution is consistent with the resolutions approved by the Board of Directors.

The related information is available on the Market Observation Post System website.

D. Other comprehensive income accumulated in reserves, net of tax

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interest	Total
Balance at January 1, 2023	$	(149,223)	(97,005)	49,275	(196,953)
Exchange differences on translation of foreign financial statements		(38,882)	-	-	(38,882)
Share of other comprehensive income of associates accounted for using equity method		(228)	-	-	(228)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	87,453	-	87,453
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(42,495)	-	(42,495)
Changes in non-controlling interest		-	-	(4,496)	(4,496)
Balance at December 31, 2023	$	(188,333)	(52,047)	44,779	(195,601)
Balance at January 1, 2022	$	(191,285)	72,372	-	(118,913)
Exchange differences on translation of foreign financial statements		47,203	-	-	47,203
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(169,109)	-	(169,109)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(865)	-	(865)
Disposal of subsidiaries or investments accounted for using equity method		(5,141)	597	-	(4,544)
Changes in non-controlling interest		-	-	49,275	49,275
Balance at December 31, 2022	$	(149,223)	(97,005)	49,275	(196,953)

E. Treasury stock

The Company implements the treasury stock system, and the reasons for the repurchase were listed as follows:

Unit: Thousand shares

	2023			
Reason	**Outstanding at January 1**	**Granted during the year**	**Exercised during the year**	**Outstanding at December 31**
Transferred to employee	**45**	**-**	**45**	**-**

	2022			
Reason	**Outstanding at January 1**	**Granted during the year**	**Exercised during the year**	**Outstanding at December 31**
Transferred to employee	45	-	-	45

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Group should not be pledged, and do not hold any shareholder rights before their transfer.

In February 2023, the Company transferred $1,419 treasury shares to employee. The Company used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The Company recognized compensation cost amounting to $1,066 for the year ended December 31, 2023.

F. Cash capital increase reserved for employee subscription

On June 30, 2023, the Company’s Board of Directors approved to reserve part of the cash capital increase shares for employee subscription. The Company used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The compensation cost arising from cash capital increase is $4,378.

(21) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share as of December 31, 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share:		
Net profit for the period attributable to the Company	$ 714,999	590,929
Issued ordinary shares at 1 January (in thousands of shares)	140,136	140,136
Add: Exercise of share options	40	-
Add: Issued for cash	2,652	-
Weighted average number of ordinary shares (in thousands of shares)	$ 142,828	140,136
Basic earnings per share	$ 5.01	4.22

		2023	2022
Diluted earnings per share:			
Net profit	$	714,999	590,929
Add: Interest expense on convertible bonds, net of tax		828	-
Net profit for the period attributable to the Company	$	715,827	590,929
Weighted average number of ordinary shares (in thousands of shares) (basic)		142,828	140,136
Effect of dilutive potential ordinary shares:			
Effect of employee share bonus		606	992
Effect of conversion of convertible bonds		375	-
Weighted average number of ordinary shares (in thousands of shares) (diluted)		143,809	141,128
Diluted earnings per share	$	4.98	4.19

(22) Revenue from contracts with customers

A. Major products lines and primary geographical markets

	2023			2022		
	High frequency component department	Passive component department	Total	High frequency component department	Passive component department	Total
China	$ 2,375,916	1,734,715	4,110,631	2,286,667	1,397,963	3,684,630
Taiwan	229,193	305,129	534,322	324,760	295,863	620,623
Hong Kong	387,088	396,857	783,945	245,680	350,038	595,718
Others	603,649	571,514	1,175,163	684,550	701,550	1,386,100
	$ 3,595,846	3,008,215	6,604,061	3,541,657	2,745,414	6,287,071

B. Contract balances

For details on notes and accounts receivables, and loss allowance, please refer to note 6(3).

(23) Employee compensation and directors’ remuneration

In accordance with the articles of incorporation the Company should contribute no less than 5% of the profit as employee remuneration 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 will have to be 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.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $40,754 and $37,004, and directors' remuneration amounting to $16,301 and $14,802, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The numbers of shares to be distributed for 2023 and 2022 were calculated based on the closing price of the Company's ordinary shares on the day before the date of the board meeting. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year.

The employee and directors' remuneration for the year 2022 and 2021 were approved by the Board of Directors on February 23, 2023 and February 22, 2022. For the years ended December 31, 2022 and 2021, the employee remuneration amounting to $37,004 and $34,982, and directors' remuneration amounting to $14,802 and $13,993, respectively, both were paid in cash. The appropriation of remunerations were in agreement with those amounts recognized in the 2022 and 2021 financial statements. The related information is available on the Market Observation Post System website.

(24) Non-operating income and expenses

A. Interest income

	2023	2022
Interest income from bank deposits	$ 87,515	23,861
Interest income from financial assets measured at fair value through other comprehensive income	21,408	7,612
Others	60	50
	$ 108,983	31,523

B. Other gains and losses

	2023	2022
Dividend income (Note)	$ 1,626	18,057
Sample mold revenue	2,965	4,296
Technical service revenue	4,114	12,105
Government grant	3,574	5,516
Losses on disposals of property, plant and equipment	(4,131)	(8,188)
Valuation losses on financial assets and financial liabilities	(2,023)	-
Others	(9,260)	(6,375)
	$ (3,135)	25,411

Note: For related party transactions, please refer to note 7.

C. Finance costs

		2023	2022
Interest expense on borrowings	$	49,187	24,642
Interest expenses on bonds		1,035	-
Interest expenses on lease liabilities (Note)		797	1,375
	$	51,019	26,017

Note: For related party transactions, please refer to note 7.

(25) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Group has a large customer base located in diverse areas and does not significantly concentrate on transactions with a single customer; therefore, there was no concentration of credit risk. In order to reduce credit risk, the Group also regularly and continuously evaluates the financial situation of its customers, but usually does not require customers to provide any collateral.

(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(3).

Financial assets measured at amortized cost include time deposits with maturities of more than three months and investments in bonds, please refer to note 6(5) for details of relevant investments.

For debt investments at fair value through other comprehensive income, please refer to note 6(2).

All of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note4(6).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	$ 419,329	422,671	202,312	220,359	-	-	-
Long-term borrowings (including current portion)	1,865,694	1,960,522	214,376	234,777	516,439	872,542	122,388
Notes and accounts payables (including related parties)	1,076,289	1,076,289	1,076,289	-	-	-	-
Salary and bonus payable	273,137	273,137	273,137	-	-	-	-
Payable on machinery and equipment	126,701	126,701	126,701	-	-	-	-
Convertible bonds payable	662,742	700,000	-	-	-	700,000	-
Lease liabilities (current and non-current)	39,576	41,288	7,383	6,647	5,192	12,366	9,700
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 4,469,590	4,606,730	1,900,198	461,783	527,753	1,584,908	132,088
December 31, 2022							
Non derivative financial liabilities							
Short-term borrowing	$ 100,000	100,246	100,246	-	-	-	-
Long-term borrowings (including current portion)	2,621,715	2,741,894	127,458	262,526	876,554	1,299,468	175,888
Notes and accounts payables (including related parties)	856,346	856,346	856,346	-	-	-	-
Salary and bonus payable	254,916	254,916	254,916	-	-	-	-
Payable on machinery and equipment	121,767	121,767	121,767	-	-	-	-
Lease liabilities (current and non-current)	41,640	43,813	6,092	4,694	5,838	13,530	13,659
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 4,002,506	4,125,104	1,466,825	267,220	888,514	1,312,998	189,547

Except for the early repayment of some long-term borrowings, the Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2023			
		Foreign currency	**Exchange rate**	**TWD**
Financial assets				
Monetary items				
USD	$	138,924	30.7350	4,269,829
JPY		509,316	0.2171	110,573
Financial liabilities				
Monetary items				
USD		29,377	30.7350	902,902
JPY		533,835	0.2171	115,896

	December 31, 2022			
		Foreign currency	**Exchange rate**	**TWD**
Financial assets				
Monetary items				
USD	$	92,902	30.7100	2,853,020
JPY		19,611	0.2324	4,558
Financial liabilities				
Monetary items				
USD		4,758	30.7100	146,118
JPY		58,003	0.2324	13,480

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, accounts and other receivables (including related parties), financial assets at fair value through other comprehensive income, short-term borrowings, and accounts payables (including related parties) which are denominated in foreign currencies. A strengthening (weakening) of 1% of the TWD against the USD and the JPY as of December 31, 2023 and 2022, would have increased or decreased the net profit after tax by $26,893 thousand and $21,584 thousand, respectively. The analysis assumed that all other variables remain constant, and is performed on the same basis for both periods.

(c) Foreign exchange gain and loss on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $16,539 and $189,898, respectively.

D. Other market price risk

The sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net Income**	**Other comprehensive income after tax**	**Net Income**
Increasing 5%	$ 19,476	1,902	18,173	-
Decreasing 5%	$ (19,476)	(1,902)	(18,173)	-

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on 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, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Foreign funds	$ 26,657	26,657	-	-	26,657
Foreign stocks	20,883	20,883	-	-	20,883
	$ 47,540	47,540	-	-	47,540
Financial assets at fair value through other comprehensive income					
Corporate bonds	$ 444,268	444,268	-	-	444,268
Stocks in unlisted domestic companies	42,637	-	-	42,637	42,637
	$ 486,905	444,268	-	42,637	486,905

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,522,821		-	-	-
Notes and accounts receivables (including related parties)	2,456,753	-	-	-	-
Time deposits and others	574,381	-	-	-	-
Foreign bonds	218,574	-	-	-	-
Refundable deposits	42,000	-	-	-	-
	$ 5,814,529		-		
Financial liabilities at fair value through profit or loss					
Financial liabilities designated at fair value through profit or loss	$ 2,374	-	2,374	-	2,374
Financial liabilities at amortized cost					
Short-term borrowings	$ 419,329	-	-	-	-
Long-term borrowings (including current portion)	1,865,694	-	-	-	-
Notes and accounts payables (including related parties)	1,076,289	-	-	-	-
Salary and bonus payable	273,137	-	-	-	-
Payable on machinery and equipment	126,701	-	-	-	-
Convertible bonds payable	662,742	-	819,000	-	819,000
Lease liabilities (current and non-current)	39,576	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 4,469,590	-	819,000	-	819,000

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Bond investments	$ 222,944	222,944	-	-	222,944
Stocks in listed domestic companies	198,934	198,934	-	-	-
Stocks in unlisted domestic companies	32,436	-	-	32,436	32,436
	$ 454,314	421,878	-	32,436	454,314

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,837,820	-	-	-	-
Notes and accounts receivables (including related parties)	2,125,262	-	-	-	-
Time deposits and others	475,460	-	-	-	-
Refundable deposits	46,935	-	-	-	-
	$ 4,485,477	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	$ 100,000	-	-	-	-
Long-term borrowings (including current portion)	2,621,715	-	-	-	-
Notes and accounts payables (including related parties)	856,346	-	-	-	-
Salary and bonus payable	254,916	-	-	-	-
Payable on machinery and equipment	121,767	-	-	-	-
Lease liabilities (current and non-current)	41,640	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 4,002,506	-	-	-	-

(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Financial assets and financial liabilities measured at amortized cost:

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(c) Valuation techniques for financial instruments measured at fair value

(i) Non-derivative financial instruments

The Group held its foreign listed US dollar corporate bonds and domestic listed company stocks, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on the valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

The categories and nature of the fair value for the Group's financial instruments which without an active market, the fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumptions are based on the market multiples and net value of assets. The market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The net asset value method reflects the overall value of the enterprise by evaluating the total value of individual assets and individual liabilities covered by the evaluation target. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

(ii) Derivative financial instruments

Measurements of fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as embedded derivatives - call rights and put rights are used to evaluate financial instruments using the binary tree convertible bond evaluation model.

(d) There was no transfer between levels for the years ended December 31, 2023 and 2022.

(e) Reconciliation of Level 3 fair values

	Financial assets at FVOCI–equity investments without an active market
Opening balance, January 1, 2023	$ 32,436
Purchased	2,500
Recognized in other comprehensive income	7,701
Ending balance, December 31, 2023	**$ 42,637**
Opening balance, January 1, 2022	$ 53,052
Recognized in other comprehensive income	(20,616)
Ending balance, December 31, 2022	**$ 32,436**

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

The Group's financial instruments that use Level 3 inputs to measure fair value through other comprehensive income – equity investments.

The Group classified those third level of investment in non-active market equity instruments with multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent of each other, hence, there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Items	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets at fair value through other comprehensive income equity investments without an active market	Market Method	• Price-book ratios (14.91 and 13.49 at Dec 31, 2023 and Dec 31, 2022, respectively.) • Discount rate (22.42% and 25.00% at Dec 31, 2023 and Dec 2022, respectively.)	• The higher the price-book ratio, the higher the fair value • The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	• Net asset value • Discount rate (9% and 15% at Dec 31, 2023 and Dec 2022, respectively.)	• The higher the net assets, the higher the fair valuee • The higher the discount rate, the lower the fair value

(26) Financial risk management

A. Overview

The Group is exposed to the following risks from its financial instrument:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Group’ s objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group’ s establishment of the risk management policy is to identify and analyze the risks faced by the Group, through setting appropriate risk limits and controls, and supervising the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operations of the management of the Group.

The Group’s financial management department provides services for various business units and to coordinate access to the domestic and international financial markets operation, and supervises and manages the financial risks related to the operation of the Group by analyzing internal risk reports based on risk level and breadth.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’s finance department. The Group only deals with banks, financial institutions and corporate organizations with good credit rating. The Group expects its counterparties to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on the credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the management of the Group.

The Group’s policy stipulates that only fully owned subsidiaries can be provided with financial guarantees. As of December 31, 2023 and 2022 an, the Group only provided endorsement guarantee to its subsidiaries.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’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 Group’s reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures compliance with the terms of loan agreements.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group’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.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, the currencies used in these transactions are the TWD, USD, RMB, EUR and JPY.

Loan interest is priced in the currency of the principal of the loan. Except for the US dollars, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Group, which is mainly is the New Taiwan dollar. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the Group buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

(b) Interest rate risk

The short-term and long-term borrowings of the Group are carried at floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly, which will cause fluctuations in future cash flows.

(c) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

(27) Capital management

The Group'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.

Although the Group's life cycle is in a stable growth stage of operation, the industry of the Group is changeable, and it is deemed as technology intensive industry; hence, a material amount of capital is needed to sustain its development. The retained surplus must be used to respond to operating growth and investment needs. At this stage, a residual dividend policy is adopted. The cash dividends distributed by shareholder dividends shall not be less than 10% of the total distribution.

In order to maintain or adjust the capital structure semi-annually, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

There were no changes in the Group's approach to capital management during the year ended December 31, 2023.

The Group’s debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022 is as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	5,151,604	4,670,150
Less: cash and cash equivalents and over three-month period time deposit		(3,062,394)	(2,302,096)
Net debt	$	2,089,210	2,368,054
Total equity	$	6,887,036	5,869,827
Debt-to-equity ratio		30.34%	40.34%

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

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

A. For right-of-use assets under leases, please refer to note 6(9).

B. Reconciliation of liabilities arising from financing activities were as follows:

				Non-cash changes		
		January 1, 2023	Cash flows	Foreign exchange movement	Acquisition	December31 , 2023
Short-term borrowings	$	100,000	319,617	(288)	-	419,329
Long-term borrowings (including current portion)		2,621,715	(756,100)	-	79	1,865,694
Lease liabilities (current and non-current)		41,640	(19,068)	-	17,004	39,576
Convenctible bonds payable		-	758,169	-	(95,427)	662,742
	$	2,763,355	302,618	(288)	(78,344)	2,987,341

				Non-cash changes		December
		January 1, 2022	Cash flows	Foreign exchange movement	Acquisition	December 31, 2022
Short-term borrowings	$	152,290	(53,487)	1,197	-	100,000
Long-term borrowings (including current portion)		1,457,023	1,180,870	-	(16,178)	2,621,715
Lease liabilities (current and non-current)		118,759	(27,359)	-	(49,760)	41,640
	$	1,728,072	1,100,024	1,197	(65,938)	2,763,355

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Walsin Technology Corporation ("Walsin") obtained a substantial control over the Group; therefore, became the parent company of the Group. Walsin has issued its consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Inpaq Korea Co., Ltd. (Inpaq Korea)	An associate
Inpaq Europe GmbH	An associate
Apaq Technology Co., Ltd. (Apaq)	The entity's chairman is the board member and CEO of the Company (note 1)
Phoenix Innovation Venture Capital Co., Ltd. (Phoenix Innovation)	The Company is a corporate director of the entity
Walsin Technology Corporation	Parent Company
Prosperity Dielectrics Co., Ltd. (Prosperity Dielectrics)	Subsidiary of Walsin
PDC Electronics (Suzhou) Co., Ltd. (PDC Electronics)	Subsidiary of Walsin
Suzhou Walsin Technology Electronics Co., Ltd. (Suzhou Walsin)	Subsidiary of Walsin
Dongguan Frontier Electronic Co., Ltd.	Subsidiary of Walsin
Kamaya Electric Co., Ltd. (Kamaya Electric)	Subsidiary of Walsin
Kamaya Electric (M) Sdn. Bhd.	Subsidiary of Walsin
Dongguan Huafai Trading Co., Ltd.	Subsidiary of Walsin
Dongguan Walsin Technology Electronics Co., Ltd. (Dongguan Walsin)	Subsidiary of Walsin
Frontier Components Co., Ltd.	Subsidiary of Walsin
Walsin Passive Component (H.K.) Ltd. (Walsin Passive (H.K.))	Subsidiary of Walsin
Walsin Technology Corporation (HK) Ltd. (Walsin Technology HK)	Subsidiary of Walsin
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.(Prosperity Frontier Electronics (Shenzhen))	Subsidiary of Walsin
Joyin Co., Ltd. (Joyin) (note 2)	An associate of Walsin
Vvg Inc.	An associate of Walsin
Hannstar Board Corporation	Other related party of Walsin
Info-Tek Corporation (Info-Tek)	Other related party of Walsin

Name of related party	Relationship with the Group
PSA Charitable Foundation	Other related party of Walsin
Career Technology (Mfg) Co., Ltd.	Other related party of Walsin

Note 1: The Company sold its entire shares of Apaq in the second quarter of 2023. Besides, the board member and CEO of the Company (who is the chairman of Apaq) retired from the Company in the third quarter of 2023. Thus, Apaq is not a related party of the Company since then.

Note 2: On July 1, 2022, the Company sold its entire shares of Joyin to Prosperity Dielectrics Co., Ltd. Joyin became an associate of Walsin since then.

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to its related parties were as follows:

	2023	2022
Associates	$ 109,080	98,508
Parent company	47,182	50,089
Other related parties:		
Walshin Passive (H.K.)	213,016	105,681
Suzhou Walsin	89,369	155,360
Walsin Technology HK	84,974	35,773
Dongguan Walsin	17,492	144,709
Prosperity Dielectrics	17,221	15,718
Others	19,944	28,889
	$ 598,278	634,727

The terms and pricing of sales transactions with related parties were not significantly different from those offered by other customers.

B. Purchases and processing fees

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

	2023	2022
Parent company	$ 1,250	2,688
Other related parties:		
PDC Electronics	42,577	68,754
Prosperity Dielectrics	31,892	40,163
Others	5,342	17,795
	$ 81,061	129,400

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

The amounts of significant processing fees by the Group to its related parties were as follows:

	2023	2022
Other related parties:		
Prosperity Dielectrics	$ 758	-
Suzhon Walsin	-	695
	$ 758	695

C. Receivables from Related Parties

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable	Suzhou Walsin	$ 18,068	64,851
Accounts receivable	Walsin Passive (H.K.)	111,220	37,776
Accounts receivable	Walsin Technology HK	17,874	32,486
Accounts receivable	Parent company	20,328	17,862
Accounts receivable	Inpaq Europe GmbH	15,806	18,277
Accounts receivable	Inpaq Korea	13,038	16,298
Accounts receivable	Prosperity Dielectrics	4,694	4,611
Accounts receivable	Dongguan Walsin	1,667	9,039
Accounts receivable	Others	1,895	4,984
		$ 204,590	206,184

D. Payables to related parties

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payables	PDC Electronics	$ 15,683	17,634
Accounts payables	Prosperity Dielectrics	7,397	12,559
Accounts payables	Suzhou Walsin	1,444	8,697
Accounts payables	Others	3,085	818
Accounts payables	Parent company	254	100
		$ 27,863	39,808

E. Acquisition of property, plant and equipment

Account	Relationship	Acquisition Price 2023	Acquisition Price 2022
Mechanical equipment	Others	$ -	158
Mechanical equipment	Prosperity Frontier Electronics (Shenzhen)	56,568	-
Mechanical equipment	Parent company	210	-
Transportation equipment	Prosperity Dielectrics	1,198	-
		$ 57,976	158

F. Disposal of property, plant and equipment

	Disposal price	
	2023	**2022**
Apaq	$ -	1,317
Suzhou Walsin	-	171
	$ -	1,488

	Gain from disposal	
	2023	**2022**
Apaq	$ -	215
Suzhou Walsin	-	129
	$ -	344

G. Lease

Account	Relationship	2023	2022
Other income	Info-Tek	$ -	708
Rental expense	Others	$ 1,314	1,160
Interest expense	Info-Tek	$ -	619
	Kamaya Electric	282	313
	Parent company	31	25
		$ 313	957

In 2022, the Group terminated the lease contract signed with Info-Tek, the lease liability decreased by $54,543 and the right-of-use asset decrease by $53,835. The difference of $708 was recognized as gain on lease modification.

Account	Relationship	December 31, 2023	December 31, 2022
Right-of-use assets	Kamaya Electric	$ 18,312	20,625
	Parent company	2,712	3,834
		$ 21,024	24,459
Lease liability	Kamaya Electric	$ 18,583	20,783
	Parent company	2,766	3,864
		$ 21,349	24,647
Refundable deposits	Info-Tek	$ 1,095	1,095
	Kamaya Electric	379	379
		$ 1,474	1,474

H. Other

Account	Relationship	2023	2022
Other income	Parent company	$ 2,402	2,554
	Suzhou Walsin	1,242	1,209
	Others	17	3
Dividend income	Apaq	-	9,553
	Phoenix Innovation	1,626	8,504
		$ 5,287	21,823
Other expense	Associate	$ -	324
	Parent company	156	6
	Apaq	-	1,081
	Prosperity Frontier Electronics (Shenzhen)	7,234	-
	Others	2,165	2,975
Commission expense	Inpaq Korea	28,009	19,526
		$ 37,564	23,912
Other receivables	Parent company	$ 709	387
	Suzhou Walsin	213	-
	Others	17	456
	Apaq	-	1,382
		$ 939	2,225
Other payables	Associate	$ 9,190	7,752
	Parent company	1,141	1,979
	Others	1,863	283
	Info-Tek	-	198
		$ 12,194	10,212

I. Disposal of investments accounted for using the equity method

The Group sold its entire of Joyin to the Prosperity Dielectrics Co., Ltd.; please refer to note 6(6).

J. Business combination

The Group acquired 72.9% of the shares of Eleceram Technology Co., Ltd. from Joyin, please refer to note 6(7).

(4) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	11,644	18,602
Post-employment benefits	170	216
Other benefits	292	490
	$ 12,106	19,308

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Time deposit (classified as refundable deposits)	Tariff guarantee	$ 19,798	14,677
Time deposit (classified as refundable deposits)	Guarantee for plant lease	9,331	9,331
Land	Short-term borrowings	186,866	-
Land and buildings	Long-term borrowings	812,217	-
		$ 1,028,212	24,008

9. Significant commitments and contingencies

(1) The contracted and unpaid construction cost of the Group on December 31, 2023 and 2022 were approximately $59,500 and $264,400, respectively.

(2) The Group signed a non-cancellable procurement contract with iPU Semiconductor Co., Ltd. ("iPU") on December 31, 2021, wherein the Group shall purchase the agreed number of wafers from iPU from January 1, 2022 to December 31, 2023. In addition, the Group provided a production capacity deposit of $9,823 (US$350,000 thousand) to guarantee the basic production capacity during the agreement period. The deposit was accounted for as current financial assets at amortised cost. The non-interest bearing deposit will be refunded to the Group two weeks after the Group achieves the stipulated purchase quantity. The deposit was refunded by iPU on January 5, 2024.

10. Losses due to major disasters: none

11. Subsequent events: none

12. Other:

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

By function / By item	For the year ended December 31					
	2023			2022		
	Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits						
Salary	649,075	501,916	1,150,991	625,035	511,538	1,136,573
Labor and health insurance	66,053	38,916	104,969	65,830	41,996	107,826
Pension	41,039	31,923	72,962(Note)	40,865	31,014	71,879
Others	45,702	18,308	64,010	43,244	18,334	61,578
Depreciation	347,095	79,511	426,606	336,820	73,021	409,841
Amortization	3,353	16,055	19,408	3,247	18,482	21,729

Note: Includes a pension of $2,556 paid to retired employees in the current year.

13. Other disclosures

(1) Information on significant transactions:

The following is the information on significant transactions of the Group required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

A. Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 1)	Maximum limit of fund financing (note 1)
													Item	Value		
0	The Company	Taiwan Ipaq Electronic Co., Ltd.	Receivables-related party	Yes	750,000	700,000	680,000	1.73%~2.867%	2	-	Operating	-	NIL	700,000	1,710,564	2,736,903
0	The Company	Inpaq USA	Receivables-related party	Yes	47,145	30,735	21,515	3.00% ~4.00%	2	-	Operating	-	NIL	30,735	1,710,564	2,736,903

Note 1: a. According to the financing company's financial management clauses, the financing limit of the Company in aggregate is 40% of net equity. An entity which has business transactions with the Company or related parties:

(1) For companies or entities with short-term financing needs, in which the Company directly holds 50% of the voting shares, the financing limit is 25% of the Company's net equity.

(2) For other companies or entities, and those fund loans approved by the Company's Board of Directors, the financing limit is both 10% of the Company's net equity.

b. According to the financing company's financial management clauses, for financing between foreign companies, in which the Company directly or indirectly holds 100% of the voting shares, the financing limit for each borrower and the aggregate financing limit are both 40% of net equity.

Note 2: 1. relate to business relationship.

2. relate to short-term financing.

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 1)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Inpaq Technology (China) Co., Ltd.	Indirect subsidiary of the Company	1,368,451	230,550	199,778	-	-	2.92%	2,736,903	Y	N	Y
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	Indirect subsidiary of the Company	1,368,451	307,400	-	-	-	- %	2,736,903	Y	N	Y
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Indirect subsidiary of the Company	1,368,451	900,000	900,000	-	-	13.15%	2,736,903	Y	N	N
0	The Company	Hunan Frontier Electronics Co., Ltd.	Indirect subsidiary of the Company	1,368,451	184,440	122,940	-	-	1.80%	2,736,903	Y	N	Y

Note 1: The total amount of guarantee provided to any individual entity shall not exceed 20% of Inpaq's equity.

Note 2: The total amount of guarantee provided shall not exceed 40% of Inpaq's equity.

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership (%)
The Company	Corporate bonds – Union Bank of Switzerland	NA	Financial assets at amortised cost－non-current	10,000	123,823	- %	127,161	- %
The Company	Corporate bonds –Unitedhealth	NA	Financial assets at amortised cost –non-current	30,000	94,751	- %	94,547	- %
The Company	AICP Technology Corporation–Stock	NA	Financial assets at fair value through other comprehensive income –non-current	600,000	6,942	8.00%	6,942	8.00%
The Company	Phoenix Innovation Venture Capital Co., Ltd.-Stock	The Company	Financial assets at fair value through other comprehensive income –non-current	3,000,000	32,370	9.38%	32,370	9.38%
The Company	PAN WIN Biotechnology Inc.-Stock	NA	Financial assets at fair value through other comprehensive income－non-current	100,000	-	5.00%	-	5.00%
The Company	Silitech Technology Corporation	NA	Financial assets at fair value through other comprehensive income –non-current	250,000	3,325	5.00%	3,325	5.00%
The Company	Corporate bonds –Microsoft Corporation	NA	Financial assets at fair value through other comprehensive income –non-current	7,500	21,818	- %	21,818	- %
The Company	Corporate bonds –Apple Inc.	NA	Financial assets at fair value through other comprehensive income –non-current	27,500	77,276	- %	77,276	- %
The Company	Corporate bonds –Amazon.com, Inc.	NA	Financial assets at fair value through other comprehensive income –non-current	15,000	41,391	- %	41,391	- %
The Company	Corporate bonds –Saudi Arabian Oil Co.	NA	Financial assets at fair value through other comprehensive income –non-current	15,000	43,225	- %	43,225	- %
Inpaq (BVI)	Corporate bonds – Bank of America	NA	Financial assets at fair value through other comprehensive income –non-current	15,000	45,061	- %	45,061	- %
Inpaq (BVI)	Corporate bonds –Commonwealth Bank of Australia	NA	Financial assets at fair value through other comprehensive income –non-current	70,000	215,497	- %	215,497	- %
Inpaq (BVI)	Liquid funds – Morgan Stanley	NA	Financial assets at fair value through profit or loss – current	1,600	5,599	- %	5,599	- %
Inpaq (BVI)	Japanese stock – GLG Japan Corealpha	NA	Financial assets at fair value through profit or loss – non-current	3,089	21,058	- %	21,058	- %
Inpaq (BVI)	Japanese stock –Marubeni Corp.	NA	Financial assets at fair value through profit or loss – non-current	21,300	10,303	- %	10,303	- %
Inpaq (BVI)	Japanese stock – Mitsui Co. Ltd.,	NA	Financial assets at fair value through profit or loss – non-current	9,200	10,580	- %	10,580	- %

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD 300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of TWD 300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	New construction of Zhunan Second Plant	August 21, 2020	469,819	469,819	Engtown Construction Corporation	Non-related party	None	None	None	-	Bidding	Operation	None

F. Disposal of individual real estate with amount exceeding the lower of TWD 300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	Sales	(689,000)	(10)%	60 days after month end	-	Note	229,295	9%	
Inpaq Technology (Suzhou) Co., Ltd.	The Company	Parent company	Sale	(857,656)	(13)%	60 days after month end	-	Note	212,127	9%	
Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	Subsidiaries indirectly hold 100% by the Company	Sale	(328,953)	(5)%	60 days after month end	-	Note	108,666	4%	
Inpaq Technology (Suzhou) Co., Ltd.	Walshin Passive (H.K.)	Affiliated company	Sales	(213,016)	(3)%	60 days after month end	-	Note	111,220	5%	
Inpaq Technology (China) Co., Ltd.	The Company	Parent company	Sales	(531,585)	(8)%	60 days after month end	-	Note	94,230	4%	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd	Subsidiaries indirectly hold 100% by the Company	Sales	(297,126)	(4)%	60 days after month end	-	Note	38,321	2%	
Hunan Frontier Electronics Co., Ltd.	The Company	Parent company	Sales	(234,209)	(4)%	60 days after month end	-	Note	59,461	2%	

Note : The Group’s sales price and credit term for related parties are not significantly different from those of the third parties.

H. Receivables from related parties with amounts exceeding the lower of TWD 100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate (%)	Overdue		Amounts received in subsequent period (note)	Allowance for bad debts
					Amount	Action taken		
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries	229,295	3.17	-	NA	-	-
Inpaq Technology (Suzhou) Co., Ltd.	The Company	Parent Company	212,127	6.27	-	NA	74,685	-
Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	Subsidiaries indirectly hold 100% by the Company	108,666	4.19	-	NA	24,103	-
Inpaq Technology (Suzhou) Co., Ltd.	Walshin Passive (H.K.)	Affiliated company	111,220	2.86	-	NA	29,471	-
The Company	Taiwan Inpaq	Subsidiaries	680,581	-	-	NA	15,000	-

Note：As of January 31, 2024.

I. Trading in derivative instruments:Please refer to notes 6(12).

J. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount (note)	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Inpaq Technology (China) Co., Ltd.	The parent company to the subsidiary	Account receivables	229,295	60 days after month end	2.00%
0	The Company	Inpaq Technology (China) Co., Ltd.	The parent company to the subsidiary	Sales	689,000	60 days after month end	10.00%
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	The parent company to the subsidiary	Sales	79,651	60 days after month end	1.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	The Company	The subsidiary company to the parent	Account receivables	212,127	60 days after month end	2.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	The Company	The subsidiary company to the parent	Sales	857,656	60 days after month end	13.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	The subsidiary company to the subsidiary	Sales	328,953	60 days after month end	5.00%
1	Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	The subsidiary company to the subsidiary	Sales	77,896	60 days after month end	1.00%
2	Inpaq Technology (China) Co., Ltd.	The Company	The subsidiary company to the parent	Sales	531,585	60 days after month end	8.00%
2	Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	The subsidiary company to the subsidiary	Sales	297,126	60 days after month end	4.00%
3	Hunan Frontier Electronics Co., Ltd.	The Company	The subsidiary company to the parent	Sales	234,209	60 days after month end	4.00%

Note: Only those that account for 1% or more of the consolidated total operating income or total assets were disclosed.

(2) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: Shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Inpaq BVI	BVI	General investing	1,258,296	1,258,296	39,908,842	100.00%	3,711,350	100.00%	665,786	672,214	Subsidiary
The Company	Inpaq Korea	Korea	Sales	12,864	12,864	76,828	44.77%	10,870	44.77%	7,623	3,413	Associate
The Company	Inpaq USA	U.S.A.	Sales	15,315	15,315	5,000,000	100.00%	(12,965)	100.00%	(13,322)	(13,322)	Subsidiary
The Company	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00%	1,642	19.00%	(1,243)	(236)	Associate
The Company	Canfield	Samoa	Sales	14,823	14,823	600,000	100.00%	30,603	100.00%	1,837	1,837	Subsidiary
The Company	Yangtze Energy Technologies, Inc.	Taiwan	Production and sales of electronic components	7,000	7,000	311,097	19.89%	2,055	19.89%	(712)	(142)	Associate
The Company	Eleceram Technology Co., Ltd.	Taiwan	Production and sales of electronic components	209,946	209,946	8,747,750	72.90%	196,910	72.90%	(13,234)	(12,095)	Subsidiary
Inpaq BVI	Inpaq Cayman	Cayman Islands	General Investing	1,002,550	1,002,550	32,150,000	100.00%	3,121,195	100.00%	648,793	648,793	Subsidiary
Inpaq BVI	Inpaq (HK) Co., Limited	Hong Kong	General Investing	277,988	277,988	66,857,629	100.00%	2,560	100.00%	(6,701)	(6,701)	Subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	Holoypaq (HK) Co., Limited	Hong Kong	General Investing	122,240	122,240	4,000,000	100.00%	(226,114)	100.00%	15,267	15,267	Subsidiary
Holypaq (HK) Co., Limited	Taiwan Inpaq	Taiwan	Production and sales of electronic components	122,240	122,240	-	100.00%	(226,114)	100.00%	15,267	15,267	Subsidiary

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

(3) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Notes 2 and 5)	Book value (Notes 2, 3 and 5)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Inpaq Technology (Suzhou) Co., Ltd.	Production and sales of electronic components	360,643	Note 1	360,643	-	-	360,643	632,485	100.00%	100.00%	632,485	2,194,602	361,325
Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components	-	Note 6	23,179	-	-	23,179 (Note 6)	-	-%	100.00%	-	-	-
Inpaq Technology (China) Co., Ltd.	Production and sales of electronic components	894,480	Note 1	894,480	-	-	894,480	15,238	100.00%	100.00%	15,238	900,737	-
Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components	9,463	Note 4	-	-	-	-	2,155	100.00%	100.00%	2,155	31,112	-
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	1,984	100.00%	100.00%	1,984	336,634	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Notes 6 and 7)	Upper Limit on Investment (Note 3)
1,278,302	916,977	4,105,354

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: The Company investment in Mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" did not exceed the investment amount or percentage limit.

Note 4: Inpaq Trading (Suzhou) Co., Ltd. invested using it own funds; thus, its was not included in the calculation of the investment limit.

Note 5: The relevant transactions and ending balance were eliminated in consolidated financial statements.

Note 6: Inpaq Trading has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration in 2023. However, its cumulative investment of $23,179 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 7: The cash dividend of $361,325 remitted by Inpaq Trading (Suzhou) Co., Ltd. in 2020 was approved by the Investment Commission MOEA on January 22, 2021 with approval number 10900410860 for reference.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Walsin Technology Corporation	51,728,658	34.75%
Taifengshuo Corporation	8,022,759	5.38%

The information of major shareholders in this table is based on the last business day of the end of each quarter by the China Insurance Company, who calculates that shareholders holding more than 5% of the Company's ordinary shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to the bases of the calculation.

14. Segment information:

(1) General information

The Group has two reportable segments: high frequency component segment and passive component segment. The high-frequency component segment manufactures various communication components, which are mainly used in mobile phones, global positioning systems (GPS), wireless communication networks, and bluetooth modules. The passive components segment manufactures protective components such as overvoltage, overcurrent, and noise protection, which are mainly used in consumer electronics and computer peripherals.

The reportable segments are the Group's strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies.

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment.

	2023			
	High frequency component segment	**Passive component segment**	**Reconciliation and elimination**	**Total**
Revenue				
Revenue from external customers	$ 3,595,846	3,008,215	-	6,604,061
Intersegment revenues	-	14,753	(14,753)	-
Total revenue	**$ 3,595,846**	**3,022,968**	**(14,753)**	**6,604,061**
Reportable segment profit	**$ 416,124**	**348,713**	**-**	764,837
Share of profit of associates accounted for using equity method				3,035
Unamortized amount				71,368
Net profit before tax				**$ 839,240**
Segment asset				$ 12,024,073
Investments accounted for using the equity method				14,567
Total assets				**$ 12,038,640**

	2022			
	High frequency component segment	**Passive component segment**	**Reconciliation and elimination**	**Total**
Revenue				
Revenue from external customers	$ 3,541,657	2,745,414	-	6,287,071
Intersegment revenues	-	14,679	(14,679)	-
Total revenue	$ 3,541,657	2,760,093	(14,679)	6,287,071
Reportable segment profit	$ 274,456	239,246	-	513,702
Share of profit of associates accounted for using equity method				(17,016)
Unamortized amount				220,815
Net profit before tax				$ 717,501
Segment asset				$ 10,528,161
Investments accounted for using the equity method				11,816
Total assets				$ 10,539,977

(2) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

A. For information on the revenue from the external customers of the Group in 2023 and 2022, please refer to note 6(21).

B. Non-current assets

Geographical information	**December 31, 2023**	**December 31, 2022**
Taiwan	$ 3,076,512	3,047,105
China	1,383,702	1,210,607
	$ 4,460,214	4,257,712

Note: Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets.

(3) Major customers

Revenues from a single customer that account for more than 10% of the Group’ s total revenue are as follows: none.

Appendix 2

Stock Code:6284

Inpaq Technology Co., Ltd.

Parent-Company-Only Financial Statements

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

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.

Independent Auditors' Report

To the Board of Directors of Inpaq Technology Co., Ltd.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. 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.

1. Revenue recognition from contracts with customers

   Please refer to note 4(14) and note 6(19) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Company's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's internal controls surrounding the sales process and cash collection transaction process; selecting samples of sales transactions to assess the adequacy of the Company's timing on revenue recognition; and evaluating the rationale for any identified significant sales fluctuations, incurred within a certain period before or after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of Inventories

Please refer to note 4(7), note 5, and note 6(4) for accounting policies, accounting assumptions and estimation uncertainty, as well as related disclosure information for inventory, respectively.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which may lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Company's inventory valuation policy and the management's assumption used when measuring the allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Company's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Company's disclosure for inventories.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and 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 remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Wan-Yuan Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2024

Notes to Readers

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

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

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

Inpaq Technology Co., Ltd.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 1,137,307	10	641,970	7
1136	Current financial assets at amortised cost, net (notes 6(1) and (5))	210,673	3	449,427	5
1150	Notes receivable (note 6(3))	2,524	-	2,467	-
1170	Accounts receivable, net (note 6(3))	1,034,477	9	821,968	8
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	270,783	2	267,263	3
1210	Other receivables due from related parties (note 7)	732,750	7	712,719	7
1310	Inventories (note 6(4))	369,700	3	397,570	4
1479	Other current assets (note 6(10))	28,859	-	35,920	-
		3,787,073	34	3,329,304	34
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(2))	226,347	3	409,156	5
1535	Non-current financial assets at amortised cost, net (note 5)	218,574	3	-	-
1551	Investments accounted for using the equity method (note 6(6))	3,930,304	36	3,318,643	35
1600	Property, plant and equipment (notes 6(7) and 7)	2,641,427	24	2,406,829	25
1755	Right-of-use assets (notes 6(8), (14) and 7)	17,932	-	10,416	-
1780	Intangible assets (note 6(9))	28,351	-	25,574	-
1840	Deferred tax assets (note 6(16))	37,201	-	24,182	-
1920	Refundable deposits (notes 7, 8 and 9)	24,165	-	32,487	-
1990	Other non-current assets (note 6(10))	53,768	-	84,280	1
		7,178,069	66	6,311,567	66
	Total assets	**$ 10,965,142**	**100**	**9,640,871**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(11))	$ 200,000	2	100,000	1
2170	Notes and accounts payable	182,563	2	71,961	1
2180	Accounts payable to related parties (note 7)	368,986	3	264,794	3
2201	Salary and bonus payable	219,585	2	167,518	2
2213	Payable on machinery and equipment	95,118	1	94,891	1
2220	Other payables to related parties (notes 6(6) and 7)	58,627	1	46,270	-
2280	Lease liabilities-current (notes 6(14) and 7)	10,181	-	1,309	-
2322	Long-term borrowings, current portion (notes 6(11))	429,676	4	361,100	4
2399	Other current liabilities	180,584	2	166,770	2
		1,745,320	17	1,274,613	14
	Non-current liabilities:				
2313	Deferred revenue (notes 6(11) and (13))	31,020	-	31,099	-
2500	Non-current financial liabilities at fair value through profit or loss (note 6(12))	2,374	-	-	-
2531	Bonds payable (note 6(12))	662,742	6	-	-
2540	Long-term borrowings (note 6(11))	1,436,018	13	2,260,615	24
2570	Deferred tax liabilities (note 6(16))	214,516	2	216,178	2
2580	Lease liabilities－non-current (notes 6(14) and 7)	8,047	-	9,307	-
2640	Net defined benefit liability, non-current (note 6(15))	16,726	-	22,385	-
2645	Guarantee deposits received	6,122	-	6,122	-
		2,377,565	21	2,545,706	26
	Total liabilities	4,122,885	38	3,820,319	40
	Equity (note 6(17))**:**				
3100	Ordinary share capital	1,489,803	14	1,401,803	15
3200	Capital surplus	3,244,157	29	2,838,983	29
3300	Retained earnings	2,348,677	21	1,827,412	19
3400	Other equity	(240,380)	(2)	(246,228)	(3)
3500	Treasury shares	-	-	(1,418)	-
	Total equity	6,842,257	62	5,820,552	60
	Total liabilities and equity	**$ 10,965,142**	**100**	**9,640,871**	**100**

See accompanying notes to parent-company-only financial statements.

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

Inpaq Technology Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar, Except Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net operating revenue** (notes 6(19) and 7)	$ 3,932,614	100	3,354,478	100
5000	**Operating costs** (notes 6(4), (14), (15), (20) and 7)	3,228,799	82	2,707,032	81
5900	**Gross profit**	703,815	18	647,446	19
5910	Unrealized gain from sales (note 7)	14,010	-	(3,114)	-
5950	**Realized gross profit**	717,825	18	644,332	19
6000	**Operating expenses** (notes 6(14), (15), (20) and 7)**:**				
6100	Selling expenses	323,904	8	250,268	7
6200	General and administrative expenses	216,800	6	170,534	5
6300	Research and development expenses	156,494	4	97,562	3
	Total operating expenses	697,198	18	518,364	15
6900	**Net operating income**	20,627	-	125,968	4
7000	**Non-operating income and expenses:**				
7100	Interest income (notes 6(21) and 7)	72,604	2	33,841	1
7020	Other gains and losses (notes 6(21) and 7)	29,618	1	34,968	1
7050	Finance costs (notes 6(11), (12), (14), (21) and 7)	(43,013)	(1)	(23,474)	(1)
7060	Share of profit of associates accounted for using equity method, net (note 6(6))	651,669	17	349,731	10
7230	Foreign exchange income (note 6(22))	2,059	-	145,046	4
	Total non-operating income and expenses	712,937	19	540,112	15
7900	**Profit before income tax**	733,564	19	666,080	19
7950	**Less: income tax expenses** (note 6(16))	18,565	-	75,151	2
	Net income	714,999	19	590,929	17
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans (note 6(15))	2,078	-	5,414	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	84,109	2	(112,736)	(3)
8326	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(338)	-
	Total items that may not be reclassified subsequently to profit or loss	86,187	2	(107,660)	(3)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(48,602)	(1)	54,393	2
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	3,344	-	(56,035)	(2)
8371	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(285)	-	3,770	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss (note 6(16))	(9,777)	-	10,960	-
	Total items that may be reclassified to subsequently to profit or loss	(35,766)	(1)	(8,832)	-
8300	**Other comprehensive income**	50,421	1	(116,492)	(3)
	Total comprehensive income	**$ 765,420**	**20**	**474,437**	**14**
	Earnings per share (New Taiwan Dollars) (note 6(18))				
9750	Basic earnings per share	**$**	**5.01**		**4.22**
9850	Diluted earnings per share	**$**	**4.98**		**4.19**

See accompanying notes to parent-company-only financial statements.

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

Inpaq Technology Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

			Retained earnings				Total other equity interest				
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance as of January 1, 2022	$ 1,401,803	2,906,644	172,581	54,455	1,087,366	1,314,402	(191,285)	72,372	(118,913)	(1,418)	5,502,518
Net income for the period	-	-	-	-	590,929	590,929	-	-	-	-	590,929
Other comprehensive income for the period	-	-	-	-	5,414	5,414	47,203	(169,109)	(121,906)	-	(116,492)
Total comprehensive income for the period	-	-	-	-	596,343	596,343	47,203	(169,109)	(121,906)	-	474,437
Appropriation and distribution of retained earnings:											
Appropriation legal reserve	-	-	58,402	-	(58,402)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	64,458	(64,458)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(84,081)	(84,081)	-	-	-	-	(84,081)
Due to donated assets received	-	(2)	-	-	-	-	-	-	-	-	(2)
Cash dividends from capital surplus	-	(84,081)	-	-	-	-	-	-	-	-	(84,081)
Disposal of subsidiaries or investments accounted for using equity method (note 6(6))	-	16,419	-	-	(117)	(117)	(5,141)	597	(4,544)	-	11,758
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3	-	-	-	-	-	-	-	-	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	865	865	-	(865)	(865)	-	-
Balance as of December 31, 2022	1,401,803	2,838,983	230,983	118,913	1,477,516	1,827,412	(149,223)	(97,005)	(246,228)	(1,418)	5,820,552
Net income for the period	-	-	-	-	714,999	714,999	-	-	-	-	714,999
Other comprehensive income for the period	-	-	-	-	2,078	2,078	(39,110)	87,453	48,343	-	50,421
Total comprehensive income for the period	-	-	-	-	717,077	717,077	(39,110)	87,453	48,343	-	765,420
Appropriation and distribution of retained earnings:											
Appropriation legal reserve	-	-	59,710	-	(59,710)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	127,315	(127,315)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(238,307)	(238,307)	-	-	-	-	(238,307)
Capital increase by cash	88,000	305,015	-	-	-	-	-	-	-	-	393,015
Convertible bonds payable	-	94,718	-	-	-	-	-	-	-	-	94,718
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	42,495	42,495	-	(42,495)	(42,495)	-	-
Compensation cost arising from capital increase	-	4,378	-	-	-	-	-	-	-	-	4,378
Treasury shares transferred to employees	-	1,063	-	-	-	-	-	-	-	1,418	2,481
Balance as of December 31, 2023	$ 1,489,803	3,244,157	290,693	246,228	1,811,756	2,348,677	(188,333)	(52,047)	(240,380)	-	6,842,257

See accompanying notes to parent-company-only financial statements.

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

Inpaq Technology Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before income tax	$ 733,564	666,080
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	248,012	250,467
Amortization expense	7,337	9,032
Finance cost	43,013	23,474
Interest income	(72,604)	(33,841)
Dividend income	(1,626)	(18,057)
Provision for inventory obsolescence and devaluation loss	19,642	10,707
Share of gain of subsidiaries and associates accounted for using the equity method	(651,669)	(349,731)
Loss (Gain) on disposal of property, plant and equipment	(1,020)	4,076
Unrealized profit from sales	(11,252)	(1,785)
Share-based payment transactions	5,444	-
Others	(3,180)	(14,129)
Total adjustments to reconcile profit	(417,903)	(119,787)
Changes in operating assets and liabilities:		
Notes receivable	(57)	4,687
Accounts receivable	(212,509)	71,709
Accounts receivable due from related parties	(3,520)	(72,154)
Other receivables due from related parties	(4,559)	30,201
Inventories	8,228	89,827
Other current assets	8,161	27,606
Notes and accounts payable	110,602	(68,578)
Accounts payable to related parties	116,549	(62,945)
Salary and bonus payable	52,067	1,116
Other current liabilities	30,879	(8,501)
Total adjustments	(312,062)	(106,819)
Cash flows generated from operations	421,502	559,261
Interest received	67,132	30,955
Dividends received	1,626	18,057
Interest paid	(43,242)	(23,405)
Income taxes paid	(37,066)	(739)
Net cash flows from operating activities	409,952	584,129

(Continued)

See accompanying notes to parent-company-only financial statements.

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

Inpaq Technology Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(2,500)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	275,342	2,488
Acquisition of financial assets at amortised cost	(3,786,170)	(1,261,003)
Proceeds from disposal of financial assets at amortised cost	3,816,173	974,216
Acquisition of equity method investee	-	(291,798)
Proceeds from disposal of investments accounted for using equity method	-	317,092
Acquisition of property, plant and equipment	(402,299)	(666,733)
Proceeds from disposal of property, plant and equipment	3,426	3,567
Increase in refundable deposits	(1,501)	(12,963)
Increase in other receivables due from related parties	(15,471)	(242,214)
Acquisition of intangible assets	(10,114)	(7,642)
Increase in other non-current assets	(38,117)	(83,018)
Net cash flows used in investing activities	(161,231)	(1,268,008)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,850,000	1,000,000
Repayment of short-term borrowings	(1,750,000)	(1,000,000)
Proceeds from issuance of convertible bonds	758,169	-
Increase in long-term borrowings	400,000	1,180,870
Repayment of long-term borrowings	(1,156,100)	-
Payment of lease liabilities	(11,580)	(16,519)
Cash dividends paid	(238,307)	(168,162)
Capital increase by cash	393,015	-
Treasury shares transferred to employees	1,419	-
Net cash flows from financing activities	246,616	996,189
Net increase in cash and cash equivalents	495,337	312,310
Cash and cash equivalents at beginning of period	641,970	329,660
Cash and cash equivalents at end of period	$ 1,137,307	641,970

See accompanying notes to parent-company-only financial statements.

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

Inpaq Technology Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Company history:

Inpaq Technology Co., Ltd. (hereinafter referred to as the "Company") was established with the approval of the Ministry of Economic Affairs on June 23, 1998, and its registered address is 11 Keyi Street, Zhunan Town, Miaoli County. The Company's shares have been listed for trading at the Taipei Exchange in R.O.C. since June 29, 2004.

The Company is mainly engaged in the research, development, manufacturing and sales of integrated protection components, microwave composite miniature antennas and modules, and multilayer microwave communication components and their modules.

2. Approval date and procedures of the financial statements:

The parent-company-only financial statements were authorized for issue by the Board of Directors on February 22, 2024.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (the "FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"

- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(3) The impact of IFRS issued by the International Accounting Standards Board (the "IASB") but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies:

The material 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 parent-company-only financial statements.

(1) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

(a) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and

(b) The net defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollar (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company 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 transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(a) an investment in equity securities designated as at fair value through other comprehensive income;

(b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Exchange differences 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. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. The asset is cash or a 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. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

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 issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprise cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and 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 which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are 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; fair value through or loss (FVTPL); fair value through other comprehensive income (FVOCI) – debt investment; or FVOCI – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime 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 default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable 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.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

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

12-month ECLs are the portion of ECLs that result 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 ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are 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 in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’ 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 into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences 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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as 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.

(f) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. 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.

(g) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

(7) Inventories

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

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

On June 17, 2022, the Company sold its entire shares in Joyin Co., Ltd. (“Joyin”) to a related party, Prosperity Dielectrics Co., Ltd., through a resolution approved by the board of directors. In accordance with the “Accounting for the transfer of shares of associate by subsidiaries within the group”, the book value method should be analogously applied to the “Accounting for Business Combinations of Entities Under Common Control”. In addition, the Company chose not to retrospectively treat Joyin’s shares as held by Prosperity Dielectrics Co., Ltd. from the beginning and not to restate the comparative financial statements in accordance with the “Accounting for retrospective restatement of comparative financial statements under common control”.

(9) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, net income, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are attributable to parent company shareholders in the consolidated financial statements.

The changes in the parent’s ownership interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 4 to 51 years

(b) Machinery and equipment: 1 to 15 years

(c) Other equipment: 1 to 20 years

Buildings and construction constitute mainly buildings, mechanical and electrical power equipment, laboratory engineering, related engineering, etc. Each constituent is depreciated based on its useful life between 50 years and 20 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

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

B. As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

(a) fixed payments (including in substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

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

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Company will exercise an extension or a termination option; or

(e) there is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less, accumulated amortization and any accumulated impairment losses.

Other intangible assets, including computer software that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

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

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

(a) Computer software: 1~10 years

(b) Others: 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(14) Revenue from contract 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 a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods

The Company involves in research, develop, design, manufacture and sales of integrated protection components, microwave composite miniature antennas and modules. The Company recognizes revenue when control of the products has been 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 the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customer's. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of goods are made, which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a 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 the 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.

(15) Government grants and government assistance

The Company recognizes an unconditional government grant related to the long-term borrowing in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(16) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non_controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

C. 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.

(18) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(19) 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 shall be recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases.

Deferred taxes are recognized except for the following:

A. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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 it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

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

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.

(20) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as the convertible bonds and employee remuneration through the issuance of shares.

(21) Operating segments

The Company has disclosed its operating segment information in the consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC 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. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Company uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description of the valuation of inventories.

The Company’s accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Company’s finance department conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The Company’s financial department also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(22) for assumptions used in measuring fair value.

Inpaq Technology Co., Ltd.

Notes to the Financial Statements

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and demand deposits	$ 681,814	365,580
Time deposits	455,493	276,390
	$ 1,137,307	641,970

As of December 31, 2023 and 2022, the bank certificate of deposit with original maturity over 3 months amounting to $184,410 and $442,224, which were reclassified to financial assets measured at amortized cost－current. Please refer to note 6(5).

Please refer to note 6(22) for the exchange rate risk of the financial assets and liabilities of the Company.

(2) Financial assets at fair value through other comprehensive income — non-current

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income:		
Corporate bonds－Microsoft Corporation	$ 21,818	20,831
Corporate bonds－Apple Inc.	77,276	75,139
Corporate bonds－Amazon.com, Inc.	41,391	39,763
Corporate bonds－Saudi Arabian Oil Co.	43,225	42,053
	183,710	177,786
Equity investments at fair value through other comprehensive income:		
Stocks in listed domestic companies	$ -	198,934
Stocks in unlisted domestic companies	42,637	32,436
	42,637	231,370
	$ 226,347	409,156

A. Debt investment at fair value through other comprehensive income

The Company has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

B. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for strategic purposes.

The Company sold the stock of King Polytechnic Engineering Co., Ltd. on September 13, 2022. The fair value at the time of disposal was $2,488, and the accumulative disposal benefit amounted to $865. Other interests are transferred to retained earnings.

The Company sold the stock of APAQ Technology Co., Ltd. in second quarter of 2023. The fair value at the time of disposal was $275,342, and the accumulated disposal benefit amounted to $42,495. Other interests are transferred to retained earnings.

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes. These investments were classified as fair value through other comprehensive income.

Please refer to note 6(21) for the dividends income received from the equity investments at fair value through other comprehensive income during the years ended December 31, 2023 and 2022.

(3) Notes and accounts receivables (included related parties)

A. Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 2,524	2,467

B. Accounts receivables, net

	December 31, 2023	December 31, 2022
Accounts receivable	$ 1,035,276	822,767
Less: Loss allowance	(799)	(799)
	$ 1,034,477	821,968

C. Accounts receivable due from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	$ 270,783	267,263

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, notes and accounts 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 loss allowance provisions in Taiwan were determined as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,278,269	-	-
1 to 90 days past due	30,003	1.63%	488
91 to 180 days past due	160	100%	160
More than 181 days past due	151	100%	151
	$ 1,308,583		**799**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,064,004	-	-
1 to 90 days past due	28,195	1.78%	501
91 to 180 days past due	105	100%	105
More than 181 days past due	193	100%	193
	$ 1,092,497		**799**

The movements in the allowance for notes and accounts receivables were as follows:

	2023	**2022**
Balance at January 1	$ 799	5,690
Amounts written off	-	(4,891)
Balance at December 31	**$ 799**	**799**

(4) Inventories

	December 31, 2023	**December 31, 2022**
Raw materials	$ 128,713	134,041
Work in progress and semi-finished goods	77,472	75,416
Finished goods and merchandise	163,515	188,113
	$ 369,700	**397,570**

The details of operating costs were as follows:

		2023	2022
Cost of goods sold	$	3,237,919	2,713,435
Provision for inventory obsolescence and devaluation loss		19,642	10,707
Revenue from sales of scrap		(28,762)	(17,110)
	$	3,228,799	2,707,032

As of December 31, 2023 and 2022, the Company’ s inventories were not pledged.

(5) Financial assets measured at amortized cost－current and non-current

		December 31, 2023	December 31, 2022
Current:			
Time deposit (over three-month)	$	184,410	442,224
Others		26,263	7,203
	$	210,673	449,427
Non-current:			
Foreign corporate bonds – Union Bank of Switzerland	$	123,823	-
Foreign corporate bonds – Unitedhealth Group Inc.		94,751	-
	$	218,574	-

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

In 2023, the Company purchased corporate bonds issued by Union Bank of Switzerland, with a face value of US$4,000 thousand. The fair value at the time of acquisition was $127,660, with the interest rate of 5.65% and the effective interest rate of 5.25%~5.83%, and maturing on September 11, 2028. Besides, the Company purchased corporate bonds issued by Unitedhealth Group Inc., with a face value of US$3,000 thousand. The fair value at the time of acquisition was $97,131, with the interest rate of 5.25% and the effective interest rate of 4.52%, and maturing on February 15, 2028.

As of December 31, 2023 and 2022, the Company did not provide any financial assets measured at amortized cost as collateral for its loans.

(6) Investments accounted for using the equity method

		December 31, 2023	December 31, 2022
Subsidiaries	$	3,925,898	3,328,239
Associates		14,566	11,816
Less: unrealized transaction gain between related companies		10,160	21,412
	$	3,930,304	3,318,643

On January 3, 2022, the Company increased its investment and acquired a total of 2,672 thousand shares of Joyin Co., Ltd., and the total transaction price is $40,076. The holding right is reduced to 22.46%.

The Company holds 22.46% of the voting shares of Joyin Co., Ltd., becoming its the single largest shareholder. Although the remaining 77.54% of the shares held by Joyin Co., Ltd. are not concentrated among specific shareholders, the Company still cannot obtain a majority of Joyin Co., Ltd. director seats, and has not obtained more than half of the voting rights of the shareholders present at the shareholders' meeting. Therefore, the Company concluded that the Company has only significant influence on Joyin Co., Ltd.

On June 17, 2022, the Company disposed its entire 17,519 thousand shares in Joyin Co., Ltd. to Prosperity Dielectrics Co., Ltd. (subsidiary of Walsin). This was deemed as organizational restructure in accordance with the IFRS Q&A issued by Accounting Research and Development Foundation in Taiwan - "Accounting treatment for the transfer of shares of associate by subsidiaries within the Group" and "Accounting treatment for business combination under common control". The difference between the disposal price of $317,092, and the book value of investments accounted for using the equity method of $16,419 thousand, was recognized as an addition of the capital surplus.

The Company acquired 72.90% of the shares of Elecram Technology Co., Ltd. from Joyin on July 1, 2022 to gain control of the Company. The total transaction price was $209,946.

A. Subsidiaries

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

B. Associates

The Company's financial information for investments accounted for using the equity method as follows:

	December 31, 2023	December 31, 2022
Total assets	$ 125,552	93,324
Total liabilities	$ 79,844	52,821

	2023	2022
Revenue	$ 91,978	649,527
Net income (loss)	$ 6,158	(49,852)

In 2023 and 2022, the Company's share of the net income of associates was as follows:

	2023	2022
Subsidiary	$ 648,634	366,747
Associates	3,035	(17,016)
Profit from continuing operations	$ 651,669	349,731

(7) Property, plant and equipment

		Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2023	$	236,558	426,504	2,282,748	478,633	781,705	4,206,148
Additions		-	69,307	117,458	15,980	199,782	402,527
Disposal and obsolescence		-	(531)	(75,748)	(52,381)	-	(128,660)
Reclassification		-	649,691	135,547	8,135	(724,744)	68,629
Balance on December 31, 2023	$	236,558	1,144,971	2,460,005	450,367	256,743	4,548,644
Balance on January 1, 2022	$	236,552	423,015	1,986,685	465,501	411,034	3,522,787
Additions		6	3,489	139,018	18,675	486,227	647,415
Disposal and obsolescence		-	-	(26,057)	(12,604)	(8,641)	(47,302)
Reclassification		-	-	183,102	7,061	(106,915)	83,248
Balance on December 31, 2022	$	236,558	426,504	2,282,748	478,633	781,705	4,206,148
Accumulated depreciation:							
Balance on January 1, 2023	$	-	145,551	1,311,275	342,493	-	1,799,319
Depreciation for the year		-	23,865	177,662	34,744	-	236,271
Disposal and obsolescence		-	(531)	(75,461)	(52,381)	-	(128,373)
Balance on December 31, 2023	$	-	168,885	1,413,476	324,856	-	1,907,217
Balance on January 1, 2022	$	-	131,156	1,157,436	307,209	-	1,595,801
Depreciation for the year		-	14,395	179,396	39,694	-	233,485
Disposal and obsolescence		-	-	(25,557)	(4,410)	-	(29,967)
Balance on December 31, 2022	$	-	145,551	1,311,275	342,493	-	1,799,319
Carrying amounts:							
Balance on December 31, 2023	$	236,558	976,086	1,046,529	125,511	256,743	2,641,427
Balance on January 1, 2022	$	236,552	291,859	829,249	158,292	411,034	1,926,986
Balance on December 31, 2022	$	236,558	280,953	971,473	136,140	781,705	2,406,829

Please refer to note 7 for the Company’s transaction of property, plant and equipment with related parties.

The property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(8) Right-of-use assets

The Company leased several assets including land and buildings. Information about leases for which the Company as a lessee was presented below:

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ 13,586	17,921	31,507
Additions	-	35,073	35,073
Disposals	-	(38,620)	(38,620)
Balance at December 31, 2023	**$ 13,586**	**14,374**	**27,960**
Balance at January 1, 2022	$ 13,586	82,507	96,093
Additions	-	341	341
Disposals	-	(64,927)	(64,927)
Balance at December 31, 2022	**$ 13,586**	**17,921**	**31,507**
Accumulated depreciation:			
Balance at January 1, 2023	$ 3,170	17,921	21,091
Depreciation for the year	1,358	10,383	11,741
Disposals	-	(22,804)	(22,804)
Balance at December 31, 2023	**$ 4,528**	**5,500**	**10,028**
Balance at January 1, 2022	$ 1,812	13,389	15,201
Depreciation for the year	1,358	15,624	16,982
Disposals	-	(11,092)	(11,092)
Balance at December 31, 2022	**$ 3,170**	**17,921**	**21,091**
Carrying amount:			
Balance at December 31, 2023	**$ 9,058**	**8,874**	**17,932**
Balance at January 1, 2022	**$ 11,774**	**69,118**	**80,892**
Balance at December 31, 2022	**$ 10,416**	**-**	**10,416**

Please refer to note 7 for the Company’s transaction of right-of-use assets with related parties.

As of December 31, 2023 and 2022, the Company’s right-of-use assets were not pledged.

(9) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

		Computer software and others
Costs:		
Balance at January 1, 2023	$	142,033
Additions		10,114
Balance at December 31, 2023	**$**	**152,147**
Balance at January 1, 2022	$	134,391
Additions		7,642
Balance at December 31, 2022	**$**	**142,033**
Accumulated amortization:		
Balance at January 1, 2023	$	116,459
Amortization for the year		7,337
Balance at December 31, 2023	**$**	**123,796**
Balance at January 1, 2022	$	107,427
Amortization for the year		9,032
Balance at December 31, 2022	**$**	**116,459**
Carrying value:		
Balance at December 31, 2023	**$**	**28,351**
Balance at January 1, 2022	**$**	**26,964**
Balance at December 31, 2022	**$**	**25,574**

As of December 31, 2023 and 2022, the Company’s intangible assets were not pledged.

(10) Other current assets and other non-current assets

The other current assets and other non-current assets of the Company were as follows:

		December 31, 2023	December 31, 2022
Prepayments for business facilities	$	53,768	84,280
Tax receivables		13,395	17,767
Net input VAT		9,071	8,558
Prepaid expenses		4,698	8,156
Prepayments to suppliers		427	546
Others		1,268	893
	$	**82,627**	**120,200**

		December 31, 2023	December 31, 2022
Other current assets	$	28,859	35,920
Other non-current assets		53,768	84,280
	$	82,627	120,200

(11) Short-term and long-term borrowings

A. Short-term borrowings

		December 31, 2023	December 31, 2022
Unsecured bank loans	$	200,000	100,000
Unused credit lines	$	2,364,700	2,244,200
Range of interest rate		1.75%	1.63%

B. Long-term borrowings:

Financial Institution	Objective	Maturity date		December 31, 2023	December 31, 2022
Chang Hwa Bank	Working capital	August, 2027	$	524,745	573,321
CTBC Bank	Purchase of additional equipment	December, 2026		388,044	388,028
Chang Hwa Bank	Purchase of additional building	April, 2031		347,951	347,928
E. Sun Bank	Purchase of additional equipment	March, 2025		304,954	492,438
Chang Hwa Bank	Working capital	July, 2028		300,000	-
Hua Nan Bank	Working capital	December, 2025		-	300,000
Mega Bank	Working capital	September, 2026		-	300,000
Far Eastern International Bank	Working capital	March, 2024		-	220,000
Less: Long-term borrowings, current portion				(429,676)	(361,100)
			$	1,436,018	2,260,615
Unused credit lines			$	600,000	900,000
Range of interest rate				1.650%~ 2.000%	1.075%~ 1.875%

Relevant information of exposure to liquidity risk and currency risk, please refer to note 6(22).

C. Government low-interest loan

According to "Loans for Returning Overseas Taiwanese Businesses", starting from March 2020, Company has successively obtained project loans from E. Sun Bank, Chang Hwa Bank and CTBC Bank, respectively. The total loans amounted to $1,833,820. The market interest rates of the loans were 1.65%, 1.70% and 2.00%, respectively, which were used to recognize and measure the book value of the loans. The preferential interest rates of the loans were 1.15%, 1.20% and 1.50%, respectively. The difference between the market interest rate and preferential interest rate was deemed as government subsidies. Please refer to note 6(13) for details.

(12) Convertible bonds payable

The Company issued the third secured convertible corporate bonds on December 14, 2023, and Taishin International Bank Co., Ltd. served as the guarantor. Information about the convertible bonds payable are as follows:

	December 31, 2023
Convertible bonds payable	$ 700,000
Unamortized discounts on convertible bonds payable	(37,258)
Carrying amount	**$ 662,742**
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	**$ 2,374**
Equity component – conversion options (recorded in capital surplus – share options)	**$ 94,718**

	2023
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	**$ (630)**
Interest expenses	**$ 1,035**

The following are the issuance conditions:

A. Issue amount: The total amount of the issue is $700,000 thousand, with a face value of $100 thousand. Issued at 108.68% of face value.

B. Tenor: The bonds were issued for a period of 3 years. The issue date is December 14, 2023, and the maturity date is December 14, 2026.

C. Coupon rate: 0%.

D. Conversion period: One month after the issue date and 10 days before the maturity date.

E. Conversion price and adjustments:

The Company used November 24, 2023 as the base date for setting the conversion price. The base day (exclusive) is the business day before, the three business days before, and the five business days before the company. Choose one of the simple arithmetic average of the closing prices of common stocks as the base price, and then multiply the base price by 110% as the calculation basis, which is the conversion price of the convertible corporate bonds (calculated to TWD cents, rounded off to the next cent). If there is ex-rights or ex-dividend before the pricing base date, the closing price that is sampled and used to calculate the conversion price should first be calculated as the post-ex-right or ex-dividend price; after the conversion price is determined and before the actual issuance date, if there is ex-right or ex-dividend, it should be adjusted according to the conversion price adjustment formula. The conversion price at the time of issuance was TWD92.0 per share.

After the Company converts corporate the bonds except for the exchange of various securities issued by the Company (or private placement) with common stock conversion rights or stock options for common shares or the issuance of new shares due to employee bonuses, in the event that if the number of ordinary shares issued (or privately placed) increases, the company shall adjust the conversion price according to the formula stipulated in the conversion regulations.

F. The Company’s right to redeem the above-mentioned converted corporate bonds:

(a) After 3 months of the issue date (March 15,2024), if the closing price of the Company’s common shares on the stock exchange exceeds the current conversion price of the convertible bonds by not less than 30% for thirty consecutive business days, the Company may redeem the bonds forty days before the maturity date (November 4, 2026). The Company may notify the bondholders within the next thirty business days, and the bond will be redeemed from the bondholders in cash according to the face value of the bond.

(b) After 3 months of the issue date (March 15, 2024), if the balance of outstanding convertible bonds is less than 10% of the original total issued amount, the Company may redeem the bonds forty days before the maturity date (November 4, 2026). The Company may notify the bondholders at any time and redeem the bonds from the bondholders in cash according to the face value of the bond.

G. Bondholder’s put right:

The bondholers can sell back the bonds 2 years after the bonds issuance (December 14, 2025). A written notice is required to be given to the Company’s stock agency before 40 days of the sell back date to request to sell back the bonds with the face value of the bonds plus interest compensation. The aforementioned interest compensation is calculated at 100% of the face value of the bonds (the return of sell back is 0%). When the Company accepts the sell back request, it should be redeemed in cash within five business days after the sell back base date.

(13) Long-term deferred revenue

	December 31, 2023	December 31, 2022
Long-term deferred revenue - government grants	$ 31,020	31,099

If the Company fails to meet the conditions of the note 6(11) mentioned project loan and the National Development Fund will cease to subsidize the Company, and the Company shall pay the interest according to the original agreed interest rate, plus the annual interest rate.

(14) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 10,181	1,309
Non-current	$ 8,047	9,307

For maturity analysis, please refer to note 6(22).

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest on lease liabilities	$ 432	860
Expenses relating to short-term leases	$ 5,661	6,193

The amounts recognized in the statement of cash flows by the Company were as follows:

	2023	2022
Total cash outflow for leases	$ 17,673	23,572

A. Land and building leases

The Company leases land and buildings for its parking spaces, office space and factories. The leases of land typically run for a period of 10 years, and of buildings for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

B. Other leases

The Company leases dormitories and vehicles, with lease terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(15) Employee benefits

A. Defined benefit plans

Reconciliations of the defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 58,471	62,862
Fair value of plan assets	(41,745)	(40,477)
Net defined benefit liabilities	$ 16,726	22,385

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

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

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $41,745 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 62,862	67,410
Current service costs and interest cost	857	348
Benefits paid from plan assets	(1,023)	(2,447)
Benefits paid from provision account	(2,450)	
Remeasurements gain	(1,775)	(2,449)
Defined benefit obligations at December 31	$ 58,471	62,862

(c) Movements of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

		2023	2022
Fair value of plan assets at January 1	$	40,477	38,059
Contributions made		1,424	1,698
Interest income		564	202
Benefits paid from plan assets		(1,023)	(2,447)
Remeasurements gain		303	2,965
Fair value of plan assets at December 31	**$**	**41,745**	**40,477**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2023	2022
Net interest of net liabilities for the defined benefit obligations	**$**	**293**	**146**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.2504%	1.3636%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2023 is $1,699.

The weighted-average lifetime of the defined benefits plans is 12 years.

(f) Sensitivity analysis

The Company’ s remeasurements of the net defined benefit liability as of December 31, 2023 and 2022 amounted to $20,948 and $22,385, respectively. If the future salary increase rate rises or falls by 0.25%, net defined benefit liability would have increase by $1,661 and $1,775 or decrease by $1,607 and $1,715, respectively.

B. Defined contribution plans

The Company allocates 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with 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.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $24,439 and $22,088 for the years ended December 31, 2023 and 2022, respectively.

(16) Income taxes

A. Income tax expenses

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current tax expense		
Current period	$ 23,469	50,983
Origination and reversal of temporary differences	(4,904)	4,186
Recognition of previously unrecognized tax losses	-	19,982
	(4,904)	24,168
Income tax expense	**$ 18,565**	**75,151**

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Exchange differences on translation of foreign financial statements	**$ (9,777)**	**10,960**

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Profit before income tax	$ 733,564	666,080
Income tax at the Company's domestic tax rate	146,713	133,216
Gain on investments accounted for using equity method and permanent differences	(132,604)	(81,154)
Tax incentives	(9,506)	-
Current-year losses for which no deferred tax asset was recognized	-	12,460
Others	13,962	10,629
Total	**$ 18,565**	**75,151**

B. Deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

The tax authority decided to exclude a tax losses of $62,302 from the 2019 profit seeking enterprise income tax return filed by the Company. However, the Company disagreed on this decision and filed an appeal to the tax authority on September 14, 2022. The appeal was rejected by the Ministry of Finance on March 23, 2023. As of December 31, 2023, the Company had not recognized deferred income tax assets for the above tax losses.

(a) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities amounting $271,849 and $137,625, respectively.

(b) Recognized deferred tax assets and liabilities

Deferred Tax Assets	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Provision for inventory devaluation	$ 7,686	(1,379)	-	9,065	(2,281)	-	11,346
Unused tax loss	19,982	19,982	-		-	-	
Exchange differences on translation of foreign financial statements	20,385		10,960	9,425	-	(9,777)	19,202
Unrealized profit or loss from sales	3,925	(358)	-	4,283	2,251	-	2,032
Others	1,444	35	-	1,409	(3,212)	-	4,621
	$ 53,422	18,280	10,960	24,182	(3,242)	(9,777)	37,201

Deferred Tax Liabilities	January 1, 2022	Recognized in profit orloss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Share of profit of subsidiaries accounted for using equity method	$ (210,290)	5,888	-	(216,178)	(1,662)	-	(214,516)

C. The Company’ s tax returns have been assessed by the tax authorities through 2019.

(17) Capital and other equity

A. Ordinary shares

As of December 31, 2023 and 2022, the authorized ordinary shares of the Company amounted to $3,000,000, included the shares reserved for exercising of employee share options of $150,000; The issued ordinary share capital with a par value of $10 per share amounted to $1,489,803 and $1,401,803 as of December 31, 2023 and 2022, respectively.

On June 30, 2023, the Company’s Board of Directors approved the issuance of 8,800 thousands ordinary shares for cash, with par value of $10 per share, amounting to $88,000. The price issued per share was $45, amounting to $396,000 (amount received after deducting the related issuance cost of $2,985 is $393,015). The Company has received approval from the Financial Supervisory Commission for this capital increase on August 4, 2023, with September 13, 2023 as the date of capital increase. The relevant statutory registration procedures have since been completed.

Reconciliation of shares outstanding for 2023 and 2022 was as follows (in thousands of shares):

	Ordinary shares	
	2023	**2022**
Balance on January 1	140,136	140,136
Add: Issued for cash	8,800	-
Add: Exercise of share options	45	-
Balance of December 31	**148,981**	**140,136**

B. Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	**December 31, 2022**
Premium of common stock	$ 2,977,270	2,667,877
Treasury shares transferred to employees	136,808	135,745
Premium of corporate bonds converted to common stock	15,722	15,722
Stock options－fair value differences of associates under equity method	16,570	16,570
Convertible bonds payable	94,718	-
Donation from shareholders	1,917	1,917
Effect of capital increase of associates	1,152	1,152
	$ 3,244,157	**2,838,983**

According to the R.O.C. Company Act, 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 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 in excess of 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 legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(a) Legal reserve

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

(b) Special reserve

The Company chose to apply the exemption under IFRS 1 - "First-time Adoption of International Financial Reporting Standards" at its initial adoption of IFRS Accounting Standards. The cumulative translations adjustments originally reported under shareholders' equity were reclassified to retained earnings , amounting to $46,817. The the net increase in retained earnings due to the first adoption of IFRS 1 on the conversion date was $9,173. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. When there is any subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and proportionately appropriate the earnings distribution originally allocated to special reserve. As of December 31, 2023 and 2022, the aforementioned special reserve both amounted to $9,173.

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

(c) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 16, 2023 and June 14, 2022 as follows:

	2022		2021	
	Total amount	**Amount per share**	**Total amount**	**Amount per share**
Appropriation legal reserve	$ 59,710		58,402	
Appropriation of special reserve	127,315		64,458	
Cash dividends	238,307	1.70	84,081	0.60
	$ 425,332		**206,941**	

In addition, on June 14, 2022, the Company passed the resolution of the shareholders' meeting to distribute cash dividends of $84,081 to the capital surplus in excess of par value, at a rate of $0.6 per share. The resolution was passed in accordance with Article 241, paragraph 1, subparagraph 1 of the Company Act.

The appropriation of earnings distribution is consistent with the resolutions approved by the Board of Directors.

The related information is available on the Market Observation Post System website.

D. Other equity, net of tax

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Total**
Balance at January 1, 2023	$ (149,223)	(97,005)	(246,228)
Exchange differences on translation of foreign financial statements	(38,882)	-	(38,882)
Share of other comprehensive income of associates accounted for using equity method	(228)	-	(228)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	87,453	87,453
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(42,495)	(42,495)
Balance at December 31, 2023	**$ (188,333)**	**(52,047)**	**(240,380)**

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	$ (191,285)	72,372	(118,913)
Exchange differences on foreign operations	47,203	-	47,203
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(169,109)	(169,109)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(865)	(865)
Disposal of subsidiaries or investments accounted for using equity method	(5,141)	597	(4,544)
Balance at December 31, 2022	$ (149,223)	(97,005)	(246,228)

E. Treasury stock

The Company implements the treasury stock system, and the reasons for the repurchase were as follows:

Unit: Thousand shares

	2023			
Reason	Outstanding at January 1	Granted during the year	Exercised during the year	Outstanding at December 31
Transferred to employee	45	-	45	-

	2022			
Reason	Outstanding at January 1	Granted during the year	Exercised during the year	Outstanding at December 31
Transferred to employee	45	-	-	45

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

In February 2023, the Company transferred $1,419 treasury shares to employee. The Company used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The Company recognized compensation cost amounting to $1,066 for the year ended December 31, 2023.

F. Cash capital increase reserved for employee subscription

On June 30, 2023, the Company's Board of Directors approved to reserve part of the cash capital increase shares for employee subscription. The Company used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The compensation cost arising from cash capital increase is $4,378.

(18) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share:		
Net profit for the period attributable to the Company	$ 714,999	590,929
Issued ordinary shares at 1 January (in thousands of shares)	140,136	140,136
Add: Exercise of share options	40	-
Add: Issued for cash	2,652	-
Weighted average number of ordinary shares (in thousands of shares)	142,828	140,136
Basic earnings per share	$ 5.01	4.22
Diluted earnings per share:		
Net profit	714,999	590,929
Add: Interest expense on convertible bonds, net of tax	828	-
Net profit for the period attributable to the Company	$ 715,827	590,929
Weighted average number of ordinary shares (in thousands of shares) (basic)	142,828	140,136
Effect of dilutive potential ordinary shares:		
Effect of employee share bonus	606	992
Effect of conversion of convertible bonds	375	-
Weighted average number of ordinary shares (in thousands of shares) (Diluted)	$ 143,809	141,128
Diluted earnings per share	$ 4.98	4.19

(19) Revenue from contracts with customers

A. Major products lines and primary geographical markets

	2023			2022		
	High frequency component department	**Passive component department**	**Total**	**High frequency component department**	**Passive component department**	**Total**
China	$ 543,350	1,706,930	2,250,280	263,298	1,404,396	1,667,694
Taiwan	120,009	277,786	397,795	154,083	275,479	429,562
Hong Kong	1,612	394,147	395,759	5	349,345	349,350
Others	337,001	551,779	888,780	236,428	671,444	907,872
	$ 1,001,972	**2,930,642**	**3,932,614**	**653,814**	**2,700,664**	**3,354,478**

B. Contract balances

For details on notes and accounts receivables, and loss allowance, please refer to note 6(3).

(20) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 5% of the profit as employee remuneration 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 will have to be 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.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $40,754 and $37,004, and directors' remuneration amounting to $16,301 and $14,802, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The numbers of shares to be distributed for 2023 and 2022 were calculated based on the closing price of the Company's ordinary shares on the day before the date of the board meeting. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year.

The employee and directors' remuneration for the year 2022 and 2021 were approved by the Board of Directors on February 23, 2023 and February 22, 2022. For the years ended December 31, 2022 and 2021, the employee remuneration amounting to $37,004 and $34,982, and directors' remuneration amounting to $14,802 and $13,993, respectively, both were paid in cash. The appropriation of remunerations were in agreement with those amounts recognized in the 2022 and 2021 financial statements. The related information is available on the Market Observation Post System website.

(21) Non-operating income and expenses

A. Interest income

		2023	2022
Interest income from bank deposits	$	55,051	12,741
Interest income from financial assets measured at fair value through other comprehensive income		9,223	7,612
Loans to other parties and interest income(Note)		8,270	13,277
Others		60	211
	$	72,604	33,841

Note: For related party transactions, please refer to note 7.

B. Other gains and losses

		2023	2022
Dividend income (Note)	$	1,626	18,057
Sales of raw materials (Note)		10,573	10,800
Patent income (Note)		12,237	7,462
Sample mold revenue		2,053	4,099
Technical service revenue		243	3,478
Government grant		11	563
Gain (Loss) on disposal of property, plant and equipment		1,020	(4,076)
Others		1,855	(5,415)
	$	29,618	34,968

Note: For related party transactions, please refer to note 7.

C. Finance costs

		2023	2022
Interest expenses on borrowings (Note)	$	41,546	22,614
Interest expenses bonds		1,035	-
Interest expenses on lease liabilities (Note)		432	860
	$	43,013	23,474

Note: For related party transactions, please refer to note 7.

(22) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Company has a large customer base located in diverse areas and does not significantly concentrate on transactions with a single customer; therefore, there was no concentration of credit risk. In order to reduce credit risk, the Company also regularly and continuously evaluates the financial situation of its customers, but usually does not require customers to provide any collateral.

(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(3).

Financial assets measured at amortized cost include time deposits with maturities of more than three months and investments in bonds, please refer to note 6(5) for details of relevant investments.

For debt investments at fair value through other comprehensive income, please refer to note 6(2).

All of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	$ 200,000	200,719	200,719	-	-	-	-
Long-term borrowings (including current portion)	1,865,694	1,960,522	214,376	234,777	516,439	872,542	122,388
Notes and accounts payables (including related parties)	610,176	610,176	610,176	-	-	-	-
Salary and bonus payable	219,585	219,585	219,585	-	-	-	-
Payable on machinery and equipment	95,118	95,118	95,118	-	-	-	-
Convertible bonds payable	662,742	700,000	-	-	-	700,000	-
Lease liabilities (current and non-current)	18,228	18,842	5,571	4,835	1,546	4,429	2,461
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 3,677,665	3,811,084	1,345,545	239,612	524,107	1,576,971	124,849

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non derivative financial liabilities							
Short-term borrowings	$ 100,000	100,246	100,246	-	-	-	-
Long-term borrowings (including current portion)	2,621,715	2,741,894	127,458	262,526	876,554	1,299,468	175,888
Notes and accounts payables (including related parties)	382,648	382,648	382,648	-	-	-	-
Salary and bonus payable	167,518	167,518	167,518	-	-	-	-
Payable on machinery and equipment	94,891	94,891	94,891	-	-	-	-
Lease liabilities (current and non-current)	10,616	11,308	738	738	1,476	4,429	3,927
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	$ 3,383,510	3,504,627	873,499	263,264	884,152	1,303,897	179,815

Except for the early repayment of some long-term borrowings, the Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Company’ s significant exposure to foreign currency risk were as follows:

	December 31, 2023		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 78,703	30.7350	2,418,937
JPY	62,490	0.2171	13,567
Financial liabilities			
Monetary items			
USD	14,611	30.7350	449,069
JPY	8,846	0.2171	1,920

	December 31, 2022		
	Foreign currency	**Exchange rate**	**TWD**
Financial assets			
Monetary items			
USD	$ 47,676	30.7100	1,464,123
JPY	14,326	0.2324	3,329
Financial liabilities			
Monetary items			
USD	9,861	30.7100	302,841
JPY	626	0.2324	145

(b) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, accounts and other receivables (including related parties), financial assets at fair value through other comprehensive income, short-term borrowings, and accounts payables (including related parties) which are denominated in foreign currencies. A strengthening (weakening) of 1% of the TWD against the USD and the JPY as of December 31, 2023 and 2022, would have increased or decreased the net profit after tax by $15,852 thousand and $9,316 thousand, respectively. The analysis assumed that all other variables remain constant, and is performed on the same basis for both periods.

(c) Foreign exchange gain and loss on monetary items

Since the Company has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $2,059 and $145,046, respectively.

D. Other market price risk

The sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Impact to other comprehensive income:

Prices of securities at the reporting date	**2023**	**2022**
Increasing 5%	$ 9,054	16,366
Decreasing 5%	$ (9,054)	(16,366)

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on 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, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Bond investments	$ 183,710	183,710	-	-	183,710
Stocks in unlisted domestic companies	42,637	-	-	42,637	42,637
	$ 226,347	**183,710**	**-**	**42,637**	**226,347**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,137,307	-	-	-	-
Notes and accounts receivables (including related parties)	2,040,534	-	-	-	-
Time deposits and others	210,673	-	-	-	-
Foreign bonds	218,574	-	-	-	-
Guarantee deposits received	24,165	-	-	-	-
	$ 3,631,253	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Financial liabilities designated at fair value through profit or loss	**$ 2,374**	**-**	**2,374**	**-**	**2,374**

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	$ 200,000	-	-	-	-
Long-term borrowings (including current portion	1,865,694	-	-	-	-
Notes and accounts payables (including related parties)	610,176	-	-	-	-
Salary and bonus payable	219,585	-	-	-	-
Payable on machinery and equipment	95,118	-	-	-	-
Convertible bonds payable	662,742	-	819,000	-	819,000
Lease liabilities (current and non-current)	18,228	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 3,677,665	-	819,000	-	819,000

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Bond investments	$ 177,786	177,786	-	-	177,786
Stocks in listed domestic companies	198,934	198,934	-	-	198,934
Stocks in unlisted domestic companies	32,436	-	-	32,436	32,436
	$ 409,156	376,720	-	32,436	409,156
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 641,970	-	-	-	-
Notes and accounts receivables (including related companies)	1,804,417	-	-	-	-
Financial assets measured at amortized cost- current	449,427	-	-	-	-
Refundable deposits	32,487	-	-	-	-
	$ 2,928,301	-	-	-	-

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Short-term borrowings	$ 100,000	-	-	-	-
Long-term borrowings (including current portion)	2,621,715	-	-	-	-
Notes and accounts payables (including related parties)	382,648	-	-	-	-
Salary and bonus payable	167,518	-	-	-	-
Payable on machinery and equipment	94,891	-	-	-	-
Lease liabilities (current and non-current)	10,616	-	-	-	-
Guarantee deposits received	6,122	-	-	-	-
	$ 3,383,510	-	-	-	-

(b) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments not measured at fair value using the following methods and assumptions:

Financial assets and financial liabilities measured at amortized cost:

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(c) Valuation techniques for financial instruments measured at fair value

(i) Non-derivative financial instruments

The Group held its foreign listed US dollar corporate bonds and domestic listed company stocks, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on the valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

The categories and nature of the fair value for the Company’ s financial instruments which without an active market, the fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumptions are based on the market multiples and net value of assets. The market multiples derived from the net value per share of investees and quoted price of EV/EBIT’ s comparable listed companies. The net asset value method reflects the overall value of the enterprise by evaluating the total value of individual assets and individual liabilities covered by the evaluation target. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

(ii) Derivative financial instruments

Measurements of fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as embedded derivatives - call rights and put rights are used to evaluate financial instruments using the binary tree convertible bond evaluation model.

(d) There was no transfer between levels for the years ended December 31, 2023 and 2022.

(e) Reconciliation of Level 3 fair values

		Financial assets at FVOCI–equity investments without an active market
Opening balance, January 1, 2023	$	32,436
Addition		2,500
Recognized in other comprehensive income		7,701
Ending balance, December 31, 2023	**$**	**42,637**
Opening balance, January 1, 2022	$	53,052
Recognized in other comprehensive income		(20,616)
Ending balance, December 31, 2022	**$**	**32,436**

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

The Company’ s financial instruments that use Level 3 inputs to measure fair value through other comprehensive income – equity investments.

The Company classified those third level of investment in non-active market equity instruments with multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent of each other, hence, there is no correlation.

Quantified information of significant unobservable inputs was as follows:

Items	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Market Method	• Price-book ratios (14.91 and 13.94 at Dec 31, 2023 and Dec 31, 2022, respectively.) • Discount rate (22.42% and 25.00% at Dec 31, 2023 and Dec 2022, respectively.)	• The higher the price-book ratio, the higher the fair value • The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	• Net asset value • Discount rate (9% and 15% at Dec 31, 2023 and Dec 2022, respectively.)	• The higher the net asssets, the higher the fair value • The higher the discount rate, the lower the fair value

(23) Financial risk management

A. Overview

The Company is exposed to the following risks from its financial instrument:

(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 risks exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company’s establishment of the risk management policy is to identify and analyze the risks faced by the Company, through setting appropriate risk limits and controls, and supervising the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operations of the management of the Company.

The Company’s financial management department provides services for various business units and to coordinate access to the domestic and international financial markets operation, and supervises and manages the financial risks related to the operation of the Company by analyzing internal risk reports based on risk level and breadth.

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. The Company’s exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company’s finance department. The Company only deals with banks, financial institutions and corporate organizations with good credit rating. The Company expects its counterparties to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on the credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the management of the Company.

The Company’s policy stipulates that only fully owned subsidiaries can be provided with financial guarantees. As of December 31, 2023 and 2022, the Company only provided endorsement guarantee to its subsidiaries.

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 manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company’s management supervises the banking facilities and ensures compliance with the terms of loan agreements.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that 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.

(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, the currencies used in these transactions are the TWD, USD, CNY, EUR and JPY.

Loan interest is priced in the currency of the principal of the loan. Except for the US dollars, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Company, which is mainly is the New Taiwan dollar. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the Company buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

(b) Interest rate risk

The short-term and long-term borrowings of the Company are carried at floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly, which will cause fluctuations in future cash flows.

(c) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

(24) 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.

Although the Company’ s life cycle is in a stable growth stage of operation, the industry of the Company is changeable, and it is deemed as technology intensive industry; hence, a material amount of capital is needed to sustain its development. The retained surplus must be used to respond to operating growth and investment needs. At this stage, a residual dividend policy is adopted. The cash dividends distributed by shareholder dividends shall not be less than 10% of the total distribution.

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

There were no changes in the Company’ s approach to capital management during the year ended December 31, 2023.

The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,122,885	3,820,319
Less: cash and cash equivalents and over three-month period time deposit	(1,321,717)	(1,084,194)
Net debt	$ 2,801,168	2,736,125
Total equity	$ 6,842,257	5,820,552
Debt-to-equity ratio	40.94%	47.01%

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

A. For right-of-use assets under leases, please refer to note 6(8).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes: Increase (decrease) in this period	December 31, 2023
Short-term borrowings	$ 100,000	100,000	-	200,000
Long-term borrowings (including current portion)	2,621,715	(756,100)	79	1,865,694
Lease liabilities (current and non-current)	10,616	(11,580)	19,192	18,228
Convertible bonds payable	-	758,169	(95,427)	662,742
	$ 2,732,331	90,489	(76,156)	2,746,664

	January 1, 2022	Cash flows	Non-cash changes: Increase (decrease) in this period	December 31, 2022
Short-term borrowings	$ 100,000	-	-	100,000
Long-term borrowings (including current portion)	1,457,023	1,180,870	(16,178)	2,621,715
Lease liabilities (current and non-current)	81,384	(16,519)	(54,249)	10,616
	$ 1,638,407	1,164,351	(70,427)	2,732,331

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Walsin Technology Corporation (“Walsin”) obtained a substantial control over the Company; therefore, became the parent company of the Company. Walsin has issued its consolidated financial statements available for public use.

(2) Names and relationship with the Company

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

Name of related party	Relationship with the Company
Inpaq (BVI) Ltd. (Inpaq BVI)	The Company’s subsidiary
Inpaq (Cayman Islands) Ltd. (Inpaq Cayman)	The Company’s subsidiary
Canfield Ltd. (Canfield)	The Company’s subsidiary
Inpaq Technology USA, Inc (Inpaq USA)	The Company’s subsidiary
Inpaq (HK) Co., Limited	The Company’s subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	The Company’s subsidiary
Inpaq Technology (China) Co., Ltd.	The Company’s subsidiary
Inpaq Trading (Suzhou) Co., Ltd (Inpaq Trading) (note3)	The Company’s subsidiary
Inpaq Trading (Suzhou) Co., Ltd (Inpaq Trading)	The Company’s subsidiary
Holypaq (HK) Co., Limited (Holypaq (HK))	The Company’s subsidiary
Taiwan Inpaq Electronic Co., Ltd. (Taiwan Inpaq)	The Company’s subsidiary
Hunan Frontier Electronics Co., Ltd. (Hunan Frontier)	The Company’s subsidiary
Eleceram Technology Co., Ltd. (Eleceram)	The Company’s subsidiary
Inpaq Korea Co., Ltd. (Inpaq Korea)	An associate
Inpaq Europe GmbH	An associate
Apaq Technology Co., Ltd. (Apaq)	The entity’s chairman is the board member and CEO of the Company (note 1)
Phoenix Innovation Venture Capital Co., Ltd. (Phoenix Innovation)	The Company is a corporate director of the entity
Walsin Technology Corporation (Walsin)	Parent company
Prosperity Dielectrics Co., Ltd. (Prosperity Dielectrics)	Subsidiary of Walsin
Kamaya Electric Co., Ltd. (Kamaya Electric)	Subsidiary of Walsin
Kamaya Electric (M) Sdn. Bhd.	Subsidiary of Walsin

Name of related party	Relationship with the Company
Vvg Inc.	An associate of Walsin
Joyin Co., Ltd. (Joyin) (note 2)	An associate of Walsin
Info-Tek Corporation (Info-Tek)	Other related party of Walsin
Hannstar Board Corporation	Other related party of Walsin
PSA Charitable Foundation	Other related party of Walsin
Career Technology MFG. Co., Ltd.	Other related party of Walsin

Note 1: The Company sold its entire shares of Apaq in the second quarter of 2023. Besides, the board member and CEO of the Company (who is the chairman of Apaq) retired from the Company in the third quarter of 2023. Thus, Apaq is not a related party of the Company since then.

Note 2: On July 1, 2022, the Company sold its entire shares of Joyin to Prosperity Dielectrics Co., Ltd. Joyin became an associate of Walsin since then.

Note 3: On 2023, Inpaq Trading completed its liquidation procedures on various rights and obligations; thus, cancelled its registration in 2023.

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Company to its related parties were as follows:

	2023	2022
Associates:		
Inpaq Korea	$ 61,426	50,430
Others	2,063	4,741
Parent company	41,997	50,089
Subsidiaries:		
Inpaq Technology (China) Co., Ltd.	689,000	471,184
Inpaq Technology (Suzhou) Co., Ltd.	79,651	69,741
Other subsidiaries	10	1,564
Others	36,946	42,181
	$ 911,093	**689,930**

The terms and pricing of sales transactions with related parties were not significantly different from those offered by other customers.

As of December 31, of 2023 and 2022, the unrealized gain or loss from sales were $2,160 and $16,170, respectively, recognized in investment accounted for using the equity method.

B. Purchases and processing fee

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

		2023	2022
Parent company	$	1,250	2,688
Subsidiaries:			
Inpaq Technology (Suzhou) Co., Ltd.		859,241	505,898
Inpaq Technology (China) Co., Ltd.		552,750	388,707
Hunan Frontier Electronics Co., Ltd.		234,365	336,947
Others		1,190	406
	$	1,648,796	1,234,646

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

The amounts of processing fees by the Company to its related parties were as follows:

		2023	2022
Others	$	398	-

C. Receivables from related parties

Account	Relationship		December 31, 2023	December 31, 2022
Accounts receivable	Inpaq Technology (China) Co., Ltd.	$	229,295	205,908
Accounts receivable	Parent company		15,880	17,862
Accounts receivable	Associates		13,368	16,779
Accounts receivable	Inpaq Technology (Suzhou) Co., Ltd.		5,582	17,568
Accounts receivable	Subsidiary		10	581
Accounts receivable	Others		6,648	8,565
		$	270,783	267,263

D. Payables to related parties

Account	Relationship		December 31, 2023	December 31, 2022
Accounts payable	Inpaq Technology (Suzhon) Co., Ltd.	$	213,550	61,299
Accounts payable	Inpaq Technology (China) Co., Ltd.		94,230	111,426
Accounts payable	Hunan Frontier Electronics Co., Ltd.		59,461	91,686
Accounts payable	Parent company		254	100
Accounts payable	Others		1,249	41
		$	368,744	264,552

E. Commission fee

		2023	2022
Associate:			
Inpaq Korea	$	28,009	19,526
Subsidiaries:			
Taiwan Inpaq Electronic Co., Ltd.		139,772	98,072
Others		-	(12)
	$	167,781	117,586

Account	Relationship		December 31, 2023	December 31, 2022
Notes payable	Taiwan Inpaq Electronic Co., Ltd.	$	242	242
Other payables	Taiwan Inpaq Electronic Co., Ltd.	$	46,636	36,602
	Inpaq Korea		9,190	7,427
		$	55,826	44,029

F. Acquisition of property, plant and equipment

			Acquisition Price	
Account	Relationship		2023	2022
Transportation equipment	Prosperity Dielectrics	$	1,198	-
Experiment equipment	Inpaq Technology (Suzhou) Co., Ltd		1,491	-
Mechanical equipment	Parent company		210	-
		$	2,899	-

G. Disposal of property, plant and equipment

	Disposal Price	
	2023	**2022**
Inpaq Technology (China) Co., Ltd.	$ 3,169	-
Hunan Frontier Electronics Co., Ltd.	216	-
Eleceram Technology Co., Ltd.	12	-
Apaq	-	1,317
	$ 3,397	1,317

	Gain from disposal	
	2023	**2022**
Inpaq Technology (China) Co., Ltd.	$ 3,081	-
Hunan Frontier Electronics Co., Ltd.	216	-
Eleceram Technology Co., Ltd.	12	-
Apaq	-	215
	$ 3,309	215

As of December 31, 2023 and 2022, the balances of unrealized gains or losses arising from the sales of fixed assets amounted to $6,471 and $4,353, respectively, recognized in investment accounted for using the equity method.

H. Lease

Account	Relationship	2023	2022
Other income	Info-Tek	$ -	708
Interest expense	Info-Tek	$ -	619

In 2022, The Company terminated the lease contract signed with Info-Tek, the lease liability decreased by $54,543 and the right-of-use asset decreased by $53,835. The difference of $708 was recognized as gain on lease modification.

Account	Relationship	December 31, 2023	December 31, 2022
Refundable deposits	Info-Tek	$ 1,095	1,095

Inpaq Technology Co., Ltd.
Notes to the Financial Statements

I. Other

Account	Relationship	2023	2022
Other income	Eleceram	$ -	138
	Parent company	161	75
	Others	-	3
Patents income	Inpaq Technology (China) Co., Ltd.	12,237	7,462
Sale of raw materials	Inpaq Technology (China) Co., Ltd.	96,029	72,534
	Subsidiary	1,883	2,719
Dividend income	Apaq	-	9,553
	Phoenix Innovation	1,626	8,504
		$ 111,936	100,988
Cost of raw materials	Inpaq Technology (China) Co., Ltd.	$ 85,744	62,165
	Subsidiary	1,595	2,288
Other expenses	Others	2,460	3,780
	Subsidiary	-	470
	Parent company	156	6
		$ 89,955	68,709

As of December 31, 2023 and 2022, the deferred unrealized gains (losses) arising from purchasing materials were $1,529 and $889, respectively, recognized in investment accounted for using the equity method.

Account	Relationship	December 31, 2023	December 31, 2022
Other receivables	Inpaq Technology (China) Co., Ltd.	$ 29,907	24,214
Other receivables	Others	-	1,383
Other receivables	Subsidiary	464	275
Other receivables	Parent company	61	-
		$ 30,432	25,872
Other payables	Parent company	$ 1,141	1,760
Other payables	Inpaq Technology (China) Co., Ltd.	331	268
Other payables	Others	1,329	213
		$ 2,801	2,241

J. Guarantee:

The guarantees provided by the Company for its subsidiaries were as follows:

	December 31, 2023	December 31, 2022
Inpaq Technology (China) Co., Ltd.	$ 199,778	230,325
Hunan Frontier Electronics Co., Ltd.	122,940	184,260
Taiwan Inpaq Electronic Co., Ltd.	900,000	737,040
Inpaq Technology (Suzhou) Co., Ltd.	-	307,100
	$ 1,222,718	1,458,725

K. Loans to related parties

The loans and the interest receivable to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other receivable	Taiwan Inpaq electronic Co., Ltd.	$ 680,581	671,484
Other receivable	Inpaq USA	21,737	15,363
		$ 702,318	686,847

The interest income charged by the Company to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Interest income	Taiwan Inpaq electronic Co., Ltd.	$ 7,935	13,269
Interest income	Inpaq USA	335	8
		$ 8,270	13,277

L. Disposal of investments accounted for using the equity method

The Company sold its entire shares of Joyin to the Prosperity Dielectrics Co., Ltd., please refer to note 6(6).

M. Business combination

The Company acquired 72.9% of the shares of Eleceram Technology Co., Ltd. from Joyin, please refer to note 6(6).

(4) Key management personnel compensation

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	11,644	17,678
Post-employment benefits		170	216
Other benefits		292	490
	$	12,106	18,384

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2023	December 31, 2022
Land and buildings	Long-term borrowings	$	812,217	-
Time deposit (classified as refundable deposits)	Tariff guarantee		3,800	3,800
Time deposit (classified as refundable deposits)	Guarantee for plant lease		9,331	9,331
		$	825,348	13,131

9. Significant commitments and contingencies:

(1) The contracted and unpaid construction cost of the Company on December 31, 2023 and 2022 were approximately $59,500 and $264,400 respectively.

(2) The Company signed a non-cancellable procurement contract with iPU Semiconductor Co., Ltd. (“iPU”) on December 31, 2021, wherein the Company shall purchase the agreed number of wafers from iPU from January 1, 2022 to December 31, 2023. In addition, the Company provided a production capacity deposit of $9,823 (US$350,000) to guarantee the basic production capacity during the agreement period. The deposit was accounted for as current financial assets at amortised cost. The non-interest bearing deposit will be refunded to the Company two weeks after the Company achieves the stipulated purchase quantity. The deposit was refunded by iPU on January 5, 2024.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other:

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

By function / By item	2023			2022		
	Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits						
Salary	464,170	335,912	800,082	406,119	233,634	639,753
Labor and health insurance	42,829	19,618	62,447	43,548	12,440	55,988
Pension	13,852	13,436	27,288 (Note)	15,088	7,146	22,234
Remuneration to directors	-	17,167	17,167	-	15,728	15,728
Others	32,439	11,322	43,761	26,836	9,582	36,418
Depreciation	228,834	19,178	248,012	230,115	20,352	250,467
Amortization	2,618	4,719	7,337	2,556	6,476	9,032

Note: Includes a pension of $2,556 paid to retired employees in the current year.

Additional information on the number of employees and employee benefits were as follows:

	2023	2022
The numbers of employees	980	968
The number of directors who are not holding as a position of employee	7	5
The average of employee benefits	$ 959	783
The average of salaries	$ 822	644
The average of salary adjustment rate	23.80%	

The remuneration to the directors of the Company is appropriated in accordance with the Company’s articles of association and other regulations; the articles of association clearly stipulate that if the Company makes a profit, a minimum of 3% shall be appropriated as directors' remuneration. The reasonableness of the directors' remuneration is based on the evaluation of the performance of the board of directors, the overall operating performance of the Company, the future operating needs and development of the industry, as well as taking into consideration the individual's contribution to the Company's operations, the salary level within the same peer industry, and the remuneration recommended by the remuneration committee and approved by the board. The remuneration to managers and employees is based on the Company's articles of association, as well as the salary and performance appraisal regulations, wherein it stipulates that if the Company makes a profit, a minimum of 5% of the profit shall be allocated as employee remuneration, which is subject to personal performance evaluation (such as target achievement rate, professional ethics and compliance with the regulations), contribution to the Company's overall operations, and the salary level within the same peer industry. The Company's remuneration payment policy does not cause any major uncertain future risks.

Inpaq Technology Co., Ltd.
Notes to the Financial Statements

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions of the Company required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”:

A. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 1)	Maximum limit of fund financing (note 1)
													Item	Value		
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Receivabls-related party	Yes	750,000	700,000	680,000	1.73%~2.867%	2	-	Operating	-	None	700,000	1,710,564	2,736,903
0	The Company	Inpaq USA	Receivables-related party	Yes	47,145	30,735	21,515	3%~4%	2	-	Operating	-	None	30,735	1,710,564	2,736,903

Note 1: a. According to the financing company’s financial management clauses, the financing limit of the Company in aggregate is 40% of net equity. An entity which has short term financing needs.

(1) For companies or entities with short-term financing needs, in which the Company directly holds 50% of the voting shares, the financing limit is 25% of the Company’s net equity.

(2) For other companies or entities, and those fund loans approved by the Company’s Board of Directors, the financing limit is both 10% of the Company’s net equity.

b. According to the financing company’s financial management clauses, for financing between foreign companies, in which the Company directly or indirectly holds 100% of the voting shares, the financing limit for each borrower and the aggregate financing limit are both 40% of net equity.

Note 2: 1. relate to business relationship.

2. relate to short-term financing.

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Inpaq Technology (China) Co., Ltd.	Indirect subsidiary of the Company	1,368,451	230,550	199,778	-	-	2.92%	2,736,903	Y	N	Y
0	The Company	Inpaq Technology (Suzhou) Co., Ltd.	Indirect subsidiary of the Company	1,368,451	307,400	-	-	-	- %	2,736,903	Y	N	Y
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Indirect subsidiary of the Company	1,368,451	900,000	900,000	-	-	13.15%	2,736,903	Y	N	N
0	The Company	Hunan Frontier Electronics Co., Ltd.	Indirect subsidiary of the Company	1,368,451	184,440	122,940	-	-	1.80%	2,736,903	Y	N	Y

Note 1: The total amount of guarantee provided to any individual entity shall not exceed 20% of Inpaq’s equity.

Note 2: The total amount of guarantee provided shall not exceed 40% of Inpaq’s equity.

Inpaq Technology Co., Ltd.
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value
The Company	Corporate bonds –Union Bank of Switzerland	NA	Financial assets at amortised cost －non-current	10,000	123,823	- %	127,161
The Company	Corporate bonds –Unitedhealth	NA	Financial assets at amortised cost －non-current	30,000	94,751	- %	94,547
The Company	AICP Technology Corporation–Stock	NA	Financial assets at fair value through other comprehensive income－non-current	600,000	6,942	8.00%	6,942
The Company	Phoenix Innovation Venture Capital Co., Ltd.-Stock	The Company is	Financial assets at fair value through other comprehensive income－non-current	3,000,000	32,370	9.38%	32,370
The Company	PAN WIN Biotechnology Inc.-Stock	NA	Financial assets at fair value through other comprehensive income－non-current	100,000	-	5.00%	-
The Company	Silitech technolpgy corporation	NA	Financial assets at fair value through other comprehensive income－non-current	250,000	3,325	5.00%	3,325
The Company	Corporate bonds –Microsoft Corporation	NA	Financial assets at fair value through other comprehensive income－non-current	7,500	21,818	- %	21,818
The Company	Corporate bonds –Apple Inc.	NA	Financial assets at fair value through other comprehensive income- Non current	27,500	77,726	- %	77,726
The Company	Corporate bonds –Amazon.com, Inc.	NA	Financial assets at fair value through other comprehensive income－non-current	15,000	41,391	- %	41,391
The Company	Corporate bonds –Saudi Arabian Oil Co.	NA	Financial assets at fair value through other comprehensive income－non-current	15,000	43,225	- %	43,225
Inpaq (BVI)	Corporate bonds-Bank of America	NA	Financial assets at fair value through other comprehensive income－non-current	15,000	45,061	- %	45,061
Inpaq (BVI)	Corporate bonds –Commonwealth Bank of Australia	NA	Financial assets at fair value through other comprehensive income－non-current	70,000	215,497	- %	215,497
Inpaq (BVI)	Morgan Stanley - Liquid funds	NA	Financial assets measured at fair value through profit or loss–non current	1,600	5,599	- %	5,599
Inpaq (BVI)	GLG Japan Corealpha-Japanese Stock	NA	Financial assets measured at fair value through profit or loss–non current	3,089	21,058	- %	21,058
Inpaq (BVI)	Marubeni Corp-Japanese Stock	NA	Financial assets measured at fair value through profit or loss–non current	21,300	10,303	- %	10,303
Inpaq (BVI)	Mitsui & Co., Ltd.-Japanese Stock	NA	Financial assets measured at fair value through profit or loss–non current	9,200	10,580	- %	10,580

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of TWD$300 million or 20% of the capital stock:

Unit: Thousands of New Taiwan Dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	New construction of Zhunan second plant	August 21, 2020	469,819	469,819	Engtown Construction Corporation	Non-related party	None	None	None	-	Bidding	Operation	None

Inpaq Technology Co., Ltd.
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F. Disposal of individual real estate with amount exceeding the lower of TWD$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD$300 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	Sales	(689,000)	(10)%	60 days after month end	-	Note	229,295	9%	
	The Company	Parent company	Sales	(857,656)	(13)%	60 days after month end	-	Note	212,127	9%	
	Taiwan Inpaq	Subsidiaries indirectly hold 100% by the Company	Sales	(328,953)	(5)%	60 days after month end	-	Note	108,666	4%	
	Walsin Passive (H.K.)	Affiliated company	Sales	(213,016)	(3)%	60 days after month end	-	Note	111,220	5%	
Inpaq Technology (China) Co., Ltd.	The company	Parent company	Sales	(531,585)	(8)%	60 days after month end	-	Note	94,229	4%	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd	Subsidiaries indirectly hold 100% by the Company	Sales	(297,126)	(4)%	60 days after month end	-	Note	38,321	2%	
Hunan Frontier Electronics Co., Ltd.	The Company	Parent company	Sales	(234,209)	(4)%	60 days after month end	-	Note	59,461	2%	

Note: The Company's sales price and credit term for related parties are not significantly different from those of the third parties.

H. Receivables from related parties with amounts exceeding the lower of TWD$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate (%)	Overdue		Amounts received in subsequent period (Note)	Allowance for bad debts
					Amount	Action taken		
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries	229,295	3.17%	-	NA	-	-
Inpaq Technology (Suzhou) Co., Ltd.	The Company	Parent company	212,127	6.27%	-	NA	74,685	-
Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	Subsidiaries indirectly hold 100% by the Company	108,666	4.19%	-	NA	24,103	-
Inpaq Technology (Suzhou) Co., Ltd.	Walsin Passive (H.K.)	Affiliated company	111,220	2.86%	-	NA	29,471	-
The Company	Taiwan Inpaq	Subsidiaries	680,581	- %	-	NA	15,000	-

Note: As of January 31, 2024.

I. Trading in derivative instruments:Please refer to notes 6(12)

(2) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

Unit: Shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Inpaq BVI	BVI	General investing	1,258,296	1,258,296	39,908,842	100.00%	3,711,350	665,786	672,214	Subsidiary
The Company	Inpaq Korea	Korea	Sales	12,864	12,864	76,828	44.77%	10,870	7,623	3,413	Associate
The Company	Inpaq USA	U.S.A.	Sales	15,315	15,315	5,000,000	100.00%	(12,965)	(13,322)	(13,322)	Subsidiary
The Company	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00%	1,642	(1,243)	(236)	Associate
The Company	Canfield	Samoa	Sales	14,823	14,823	600,000	100.00%	30,603	1,837	1,837	Subsidiary
The Company	Yangtze Energy Technologies, Inc.	Taiwan	Production and sales of electronic components	7,000	7,000	311,097	19.89%	2,055	(712)	(142)	Associate
The Company	Eleceram Technology Co., Ltd.	Taiwan	Production and sales of electronic components	209,946	209,946	8,747,750	72.90%	196,910	(13,234)	(12,095)	Subsidiary
Inpaq BVI	Inpaq Cayman	Cayman Islands	General Investing	1,002,550	1,002,550	32,150,000	100.00%	3,121,195	648,793	648,793	Subsidiary
Inpaq BVI	Inpaq (HK) Co., Limited	Hoang Kong	General Investing	277,988	277,988	66,857,629	100.00%	2,560	(6,701)	(6,701)	Subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	Hoang Kong	General Investing	122,240	122,240	4,000,000	100.00%	(226,114)	15,267	15,267	Subsidiary
Holypaq (HK) Co., Limited	Taiwan Inpaq	Taiwan	Production and sales of electronic components	122,240	122,240	-	100.00%	(226,114)	15,267	15,267	Subsidiary

(3) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Inpaq Technology (Suzhou) Co., Ltd.	Production and sales of electronic components	360,643	Note 1	360,643	-	-	360,643	632,488	100.00%	632,485	2,194,602	361,325
Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components	-	Note 5	23,179	-	-	23,179	-	-%	-	-	-
Inpaq Technology (China) Co., Ltd.	Production and sales of electronic components	894,480	Note 1	894,480	-	-	894,480	15,238	100.00%	15,238	900,737	-
Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components	9,463	Note 4	-	-	-	-	2,155	100.00%	2,155	31,112	-
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	1,984	100.00%	1,984	336,634	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Notes 5 and 6)	Upper Limit on Investment (Note 3)
1,278,302	916,977	4,105,354

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: The Company investment in Mainland China pursuant to "Principle of Investment or Technical Cooperation in Mainland China" did not exceed the investment amount or percentage limit.

Note 4: Inpaq Trading (Suzhou) Co., Ltd invested using its own funds; thus, it was not included in the calculation of the investment limit.

Note 5: Inpaq Trading has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration in 2023. However, its cumulative investment of $23,179 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 6: The cash dividend of $361,325 remitted by Inpaq Trading (Suzhou) Co.,Ltd. in 2020 was approved by the Investment Commission, MOEA on January 22, 2021, with approval number 10900410860 for reference.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China were disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding Shareholder' s Name	Shares	Percentage
Walsin Technology Corporation	51,728,658	34.75%
Taifengshuo Corporation	8,022,759	5.38%

The information of major shareholders in this table is based on the last business day of the end of each quarter by the China Insurance Company, who calculates that shareholders holding more than 5% of the Company' s ordinary shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company' s financial report and the Company' s actual number of shares delivered without physical registration, there may be differences or differences due to the bases of the calculation.

14. Segment information:

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

Inpaq Technology Co., Ltd.

Statement of cash and cash equivalents

December 31, 2023

Expressed in：
(1) thousands of New Taiwan Dollars;
or
(2) Foreign Currencies Dollars

Item	Descriptions	Amount
Cash	Cash on hand	$ 154
	Petty cash	110
Bank deposits	Check deposits	6
	Demand deposits	381,430
	Foreign currency deposits (USD: 8,426,317.29；EUR: 780,266.11；JPY: 62,489,653.00；HKD: 54,658.44；CNY: 184,871.01)	300,114
	Foreign currency fixed deposits (USD: 14,820,000)	455,493
	Total	$ 1,137,307

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 30.7350

EUR exchange rates: 34.0252

JPY exchange rates: 0.2171

HKD exchange rates: 3.9340

CNY exchange rates: 4.3327

Inpaq Technology Co., Ltd.

Statement of notes and accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of customer	Amount
Client A	$ 98,424
Client B	75,735
Client C	54,248
Client D	54,157
Other (individual amount not exceeding 5% of the account balance)	755,236
	1,037,800
Less: loss allowance	(799)
Total	**$ 1,037,001**

Note: 1. All accounts receivable are generated from operating activities.

2. Accounts receivable from related parties are not included above; please refer to note 7 for relevant information.

Inpaq Technology Co., Ltd.

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value	Note
Raw materials	$ 142,873		For the net realizable value of inventories, please refer to note 4(7) for relevant information.
Less: loss allowance	(14,160)		
Subtotal	128,713	129,805	
Work in progress and semi-finished goods	100,490		
Less: loss allowance	(23,018)		
Subtotal	77,472	134,802	
Finished goods and merchandises	184,972		
Less: loss allowance	(21,457)		
Subtotal	163,515	215,713	
	$ 369,700	480,320	

Statement of financial assets measured at amortized cost — current and non-current

Please refer to note 6(5) for further information on “financial assets measured at amortized cost — current and non-current”.

Statement of other current assets

Please refer to note 6(10) for further information on “other current assets”.

Inpaq Technology Co., Ltd.

Statement of financial assets at fair value through other comprehensive income — non-current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Financial assets	Beginning balance		Increase		Decrease		Other (Note)	Ending balance		Fair Value	Accumulated impairment	Provision of pledge or guarantee
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount			
APAQ Technology Co., Ltd. – Stock	4,776,329	$ 198,934	-	-	(4,776,329)	(275,342)	76,408	-	-	-	-	
Phoenix Innovation Venture Capital Co., Ltd. – Stock	3,000,000	26,160	-	-	-	-	6,210	3,000,000	32,370	-	NA	
PAN WIN Biotechnology Inc. – Stock	100,000	-	-	-	-	-	-	100,000	-	-	NA	
AICP Technology Corporation – Stock	600,000	6,276	-	-	-	-	666	600,000	6,942	-	NA	
Hannstar Board Corporation	-	-	250,000	2,500	-	-	825	250,000	3,325	-	NA	
Corporate bonds – Apple Inc.	27,500	75,139	-	-	-	-	2,137	27,500	77,276	-	NA	
Corporate bonds –Amazon.com, Inc.	15,000	39,763	-	-	-	-	1,628	15,000	41,391	-	NA	
Corporate bonds – Microsoft Corporation	7,500	20,831	-	-	-	-	987	7,500	21,818	-	NA	
Corporate bonds – Saudi Arabian Oil Co.	15,000	42,053	-	-	-	-	1,172	15,000	43,225	-	NA	
		$ 409,156		2,500		(275,342)	90,033		226,347	-		

Note: It’ s includes unrealized valuation gains and losses and foreign currency valuations.

Inpaq Technology Co., Ltd.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars and in thousands of shares)

Name of investee	Beginning balance Shares	Beginning balance Amount	Increase Shares	Increase Amount	Decrease Shares	Decrease Amount	Invest income/loss	Cumulative translation adjustment	Other adjustments	Net change of unrealized gains (losses) from transactions between affiliates	Ending balance (Note 1) Shares	Ending balance (Note 1) Amount	Ending balance (Note 1) % of ownership	Market value or equity net worth Unit price	Market value or equity net worth Total
Subsidiaries:															
Inpaq (BVI) Ltd.	39,909	$ 3,090,263	-	-	-	-	672,214	(48,754)	(2,373) (Note2)	-	39,909	3,711,350	100.00 %	-	3,711,350
Inpaq Technology USA Inc.	5,000	204	-	-	-	-	(13,322)	153	-	-	5,000	(12,965)	100.00 %	-	(12,965)
Canfield Ltd.	600	28,768	-	-	-	-	1,836	(1)	-	-	600	30,603	100.00 %	-	30,603
Eleceram Technology Co., Ltd.	8,748	209,004	-	-	-	-	(12,094)	-	-	-	8,748	196,910	72.90 %	-	196,910
Associates:															
Inpaq Korea Co., Ltd.	77	7,797	-	-	-	-	3,413	(341)	-	-	77	10,869	44.77 %	-	10,869
Inpaq Europe GmbH	38	1,822	-	-	-	-	(236)	56	-	-	38	1,642	19.00 %	-	1,642
Yangtze Energy Technologies, Inc.	311	2,197	-	-	-	-	(142)	-	-	-	311	2,055	19.89 %	-	2,055
		3,340,055		-		-	651,669	(48,887)	(2,373)	-		3,940,464			3,940,464
Less: Unrealized gains (losses) from transactions between affiliates		21,412		-		-	-	-	-	(11,252)		10,160			-
		$ 3,318,643		-		-	651,669	(48,887)	(2,373)	11,252		3,930,304			3,940,464

Note 1: All of the above investments were not pledged as collateral.

Note 2: The number of changes in equity of investee was recognized by using the equity method.

Inpaq Technology Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2023

Please refer to note 6(7) for further information on “property, plant and equipment”.

Statement of changes in right-of-use assets

Please refer to note 6(8) for further information on “right-of-use assets”.

Statement of changes in deferred tax assets

December 31, 2023

Please refer to note 6(16) for further information on “deferred tax assets”.

Inpaq Technology Co., Ltd.

Statement of other non-current assets

December 31, 2023

Please refer to note 6(10) for further information on “non-current assets”.

Statement of short-term borrowings

Please refer to note 6(11) for further information on “short-term borrowings”.

Statement of long-term borrowings

Please refer to note 6(11) for further information on “long-term borrowings”.

Statement of convertible bonds payable

Please refer to note 6(12) for further information on “convertible bonds payable”.

Inpaq Technology Co., Ltd.

Statement of accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor name	Amount
Everstar Technology Inc.	$ 16,006
Jung Shing Wire Industrial Co., Ltd.	14,533
Jiin Tech Industrial Co., Ltd	12,042
Chao Cheng International Teks Co., Ltd.	9,939
Others (individual amount not exceeding 5% of the amount balance)	130,043
Total	**$ 182,563**

Note 1: All notes and accounts payable were generated from operating activities.

Note 2: Accounts payable from related parties are not included above; please refer to note 7 for relevant information.

Statement of other current liabilities

Item	Amount
Income tax payable	$ 37,285
Accrued expense	45,980
Commissions payable	12,727
Accrued expense-other	20,584
Insurance payable	12,521
Others (individual amount not exceeding 5% of the amount balance)	51,487
Total	**$ 180,584**

Inpaq Technology Co., Ltd.

Statement of lease liabilities

December 31, 2023

Please refer to note 6(14) for further information on “lease liabilities”.

Statement of changes in deferred tax liabilities

Please refer to note 6(16) for further information on “deferred tax liabilities”.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Passive component	14,902,543 thousand	$ 2,930,642
High frequency component	200,908 thousand	1,001,972
Total		**$ 3,932,614**

Inpaq Technology Co., Ltd.

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw material used:	
Raw material, beginning of year	$ 138,338
Add: Raw material purchased	549,133
Less: Raw material, end of year	(142,873)
Sales in the period	(19)
Scrapped	(921)
Transferred to expenses and others	(93,137)
Direct raw material used	450,521
Direct labor	416,026
Manufacturing expenses	676,472
Manufacturing costs	1,543,019
Add: Work in progress and semi-finished products, beginning of year	99,371
Semi-finished products purchased	51,205
Less:Work in progress and semi-finished products end of year	(100,490)
Semi-finished products sold	(43,165)
Scrapped	(2,364)
Transferred to expenses	(2,595)
Cost of finished goods	1,544,981
Add: finished goods, beginning of year	111,872
Less: Finished goods, end of year	(119,364)
Disposal of finished goods	(3,001)
Cost of finished goods	1,534,488
Sales of raw material	19
Sales of semi-finished products	43,165
Cost of production and sales	1,577,672
Merchandise, beginning of year	95,219
Add: Merchandise purchased	1,633,025
Less: Goods, end of year	(65,608)
Scrapped	(1,950)
Transferred to expenses	(439)
Cost of sales on merchandise	1,660,247
Provisions for inventory obsolescence and devaluation loss	19,642
Income from sales of scrap and wastes	(28,762)
Total cost of sales	**$ 3,228,799**

Inpaq Technology Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Commission expense	$ 213,190
Payroll expense	48,897
Import and export expense	29,272
Others (individual amount not exceeding 5% of the amount balance)	32,545
Total	**$ 323,904**

Statement of general and administrative expenses

Item	Amount
Payroll expense	$ 133,664
Miscellaneous expense	27,817
Service fees	11,420
Others (individual amount not exceeding 5% of the amount balance)	43,899
Total	**$ 216,800**

Inpaq Technology Co., Ltd.

Statement of research and development expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 88,146
Depreciation expense	12,588
Insurance expense	8,258
Others (individual amount not exceeding 5% of the amount balance)	47,502
Total	**$ 156,494**

Statement of interest income

Please refer to note 6(21) for further information on "interest income".

Statement of other gains and losses

Please refer to note 6(21) for further information on "other gains and losses".

Inpaq Technology Co., Ltd.

Statement of finance cost

For the year ended December 31, 2023

Please refer to note 6(21) for further information on “finance cost”.

Statement of current-period employee be
depreciation, and amortization by function

Please refer to note 12 for further information on “current-period employee benefits, depreciation, and amortization by function”.

Appendix 3

Statement

The Company's annual related-party report for 2023 (January 1, 2023 through December 31, 2023) is prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises." The information disclosed in the report is not significantly inconsistent with the relevant information disclosed in the footnotes of the financial report for the aforementioned period.

Hereby Declare

INPAQ Technology Co., Ltd.

Chairman: Pei-Cheng Chen

February 22, 2024

Auditor's Review Opinion on the Affiliation Report

To INPAQ Technology Co., Ltd.:

INPAQ Technology Co., Ltd. (hereinafter "Company") has prepared the related-party report for the fiscal year 2023 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" (hereinafter "Guidelines"). The auditor compared the financial information for the aforementioned period to the information disclosed in the financial report footnotes. Conforming to the Guidelines, a review opinion has been issued.

According to the auditor's opinion, the information disclosed in INPAQ Technology Co., Ltd.'s Affiliation Report for the fiscal year 2023 is not materially inconsistent with the information disclosed in the financial report footnotes for the same period, and no violations of the Guidelines have been identified.

Sincerely,

INPAQ Technology Co., Ltd.

KPMG Taiwan

CPA Hai-Ning Huang

Wan-Yuan Yu

February 22, 2024

INPAQ Technology Co., Ltd.

Affiliation Report

2023

1、 Regarding the relationship between the subordinate company and the controlling company

Unit: shares

Name of the controlling company	Reasons for the control	Details of the company's shareholding and pledges			Any directors, supervisors or managers appointed to the subordinate company by the controlling company	
		Shareholding	Shareholding ratio	Pledge shareholding	Title	Name
Walsin Technology Corp.	To gain substantive control	51,728,658	34.75%	0	Chairman Director Director	Pei-Cheng Chen Yu-Heng Chiao Ming-Tsan Tseng

2、 Description of business transactions

The transactions between the Company and the controlling company, Walsin Technology Corp., are as follows:

(1) Purchase and sale transactions: Unit: NT$ thousands

Transactions with the controlling company				Transaction terms and conditions with the controlling company		Ordinary transaction terms and conditions		Reasons for deviation	Accounts/notes receivable (payable)		Overdue Accounts Receivable			Remarks
Purchase (sales) transactions	Amount	Ratio to total purchase (sales) transactions	Gross profit on sales	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Ratio to total accounts/notes receivable (payable)	Amount	Handling method	Provisions for bad debt	
Sales	47,182	0.71	Note 1	Note 1	Credit on 90 days	Note 1	Credit on 0 to 150 days		20,328	0.83	None	None	None	
Purchase	1,250	0.04	Note 1	Note 1	Credit on 90 days	Note 1	Credit on 0 to 120 days		(254)	(0.02)	None	None	None	

Note 1: Based on market price

(2) Property transactions: None

(3) Financing: None

(4) Asset leasing: Unit: NT$ thousands

Transaction Type (rent or lease)	Name and location of the object leased		Lease period	Nature of the lease	Leasing price calculation method	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/ payment status	Other special stipulations
	Name	Location								
Lease	Plant and office	No. 556 and 566-3, Gaoshi Rd., Yangmei Dist., Taoyuan City	2022/6/1~ 2026/5/31	Capital lease	Reference market price	Monthly payment	Equivalent to ordinary leasing price levels	NT$1,129	As of December 31, 2023, the outstanding balance of payable rent is NT$0.	-Right-of-use Asset: NT$2,712 thousand -Lease Liabilities: NT$2,766 thousand -Interest Expenses: NT$31 thousand

(5) Other significant business transactions:

Unit: NT$ thousands

Transactions with the controlling company			Comparison of terms and conditions between general transactions and the controlling companies
Subject	**Amount**	**Account receivable (payment) of related parties for unsettled accounts**	
Other revenue	2,402	709	No major difference
Other expenses	156	(1,141)	

3、 Endorsements and guarantees: None.