

Stock Code: 4939

MOPS: <http://mops.twse.com.tw>

Website of the Company: <http://www.aemg.com.tw>

Asia Electronic Material Co., Ltd.

2023 Annual Report

Publication Date: 20 April 2024

Information declaration website designated by the competent authority: <http://newmops.twse.com.tw>

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Annual financial report for the most recent year

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Name of any exchanges where the Company's securities are traded offshore and the method by which to access information on said offshore securities

None

Corporate website

<http://www.aemg.com.tw/>

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One. Letter to Shareholders
The 2023 Business Report of Asia Electronic Material Co., Ltd.

Shareholders,
I. Operating results in 2023:

(I) Business Plan Implementation Outcome:

Unit: NT\$ thousand

	2023	2022	YoY
Consolidated operating income	1,548,510	1,647,874	-6.03%
Net profit	81,624	113,213	-27.90%
Net profit after tax	36,322	34,415	5.54%
Earnings per share	0.37	0.35	5.57%

(II) Budget implementation

The Company did not disclose its financial forecast for 2023.

(III) Analysis of profitability

	2023	2022
Return on assets	2.16%	1.65%
Return on equity	2.37%	2.18%
Profit margin	2.35%	2.09%

(IV) R&D status

Electric vehicles, new energies, AI and 5G high frequency related materials have been popular research subjects in recent years. Accordingly, the Company has been invested in these fields for several years and is committed to develop and expand new product sales, in order to increase the operational competitiveness of the Company. Presently, our R&D focuses on the development of self-produced PI cover lay, high-frequency products (high-frequency substrates), high-frequency EMI shielding film (self-produced PI type of EMI), conductive adhesives and self-produced TPI substrates, and among which the development of conductive adhesives and high-frequency EMI shielding film have qualified the verification of numerous customers, such that the outlook of these products is promising. In the future, we will continue to develop and improve products with high unit prices and high gross profits, such as 5G high-frequency materials, monolayer, ion migration-resistant materials, self-manufactured substrate materials, transparent materials, vehicle materials, wireless charger materials, and conductive adhesive materials, and create unique products to improve our competitive strength among companies within the industry and secure a leading position within the sector. Except for the development of the abovementioned new products, the Company attaches attention to the improvement in production yield and efficiency, reduction in costs, and increase in profit margin in terms of manufacturing procedures to secure orders.

II. Business Plan for 2024:

(I) Management Policy

The new plant of the Company located at Dongtai, Jiangsu, has entered the stage of mass production and begun making contributions to our operating income, which not only provides flexibility for deployment in terms of the Group's production capacity but also contributes to the further upgrades of the Company's operations.

The global net zero emission policy has promoted the diverse development of electric vehicles, and the application of automotive FPC has increased, nurturing the Blue Ocean development environment for vehicle electronics. We will explore power batteries/energy storage FPC, metaverse AR/VR, AI consumer electronics and smart vehicles and other opportunities of emerging industries, make overall arrangements for 5G, expand into new international markets to promote our new products of conductive adhesives, EMI and ion migration-resistant cover lay, and develop relationships with new customers; the sales volume of our new products is likely to give rise to the growth in our operating income.

(II) Estimated sales volume and its basis

Based on past experiences and the status of market supply/demand, it is expected that the sales volume will achieve remarkable growth along with greater applications in 2024.

(III) Material production and sales policy

1. In 2024, the Dongtai Plant will continue to improve equipment availability to mitigate the production pressure of the Kunshan Plant while ensuring concentration of production to increase production efficiency.
2. The Company connects end customers and learns the requirements of customers to provide comprehensive products and services.

III. Future development strategies of the Company:

(I) Business:

5G, electric vehicles and energy storage for new energy vehicles are the marketing focuses of the Company during the year, and early arrangements are required. Together with the development of new high-frequency bonding sheets, substrate, cover lay, and other materials, we continue to make introductions and promotions to end customers and FPC companies to jointly develop the use of new model materials for the Company to secure a major leading position among companies within the industry in terms of high-speed materials.

For conductive adhesives and EMI, mass production is ongoing, and it has entered the end resource pool. Currently, the mainstream products in the market are from Japanese brands; however, it is likely the materials of the Company will replace the imported materials from Japan this year. PI type EMI product is a differentiated product and has been successfully introduced in the medical field.

Due to the AI-related demands, SoC industry and GPU performance require faster update speed, and the demand for compact and integrated circuits also increases. Accordingly, the requirement for anti-ion migration becomes tougher. Presently, our ion migration-resistant cover lay has been verified by customer and is under mass production stage.

The overseas market will be developed, and the customers and market applications will also be expanded.

(II) R&D:

1. The Company attaches attention to the R&D of products of novelty and high gross profits; our products are divided into four categories: high-frequency materials (high-frequency cover lay/high-frequency bonding sheet/high-frequency substrate), conductive materials (EMI shielding film/conductive adhesive), cover lay materials (self-produced PI cover lay/ion migration-resistant cover lay/high reflection cover lay/transparent cover lay/high-Tg cover lay), and substrate materials (2L/ultra-thin copper foil substrate/self-manufactured PI substrate). We focus on the development of novel items and effectively utilize our R&D resources to improve the gross profits of products and enhance the competitive strength of product uniqueness to improve the sales volume of products.
2. Combining our technical capacity and supplier management, we implement local procurement for chemical raw materials to minimize the costs of raw materials and improve the gross profits of products, and in turn, improve the competitive strength and profits of products.

IV. Impact of external competition environment, regulatory environment, and macroeconomic environment:

In recent years, environmental protection and industrial safety regulations and standards have become stricter and the global inflation pressure is still high. In view of the impact of escalation of the US-China tech war and ongoing Russia-Ukraine war, the Company has increased the procurement ratio of chemical materials to transfer the risk of raw material inventory and management to suppliers. We set up an occupational safety team in our plant to implement environmental protection and occupational safety work in our plant.

Looking into the future, the largest application demand for FPC in the market will still be related to smartphones. In view of the continual growth in the volume of FPC used for high-end smartphones and the variable changes in smartphone models and functions, the growth momentum of demands for FPC is foreseeable. In addition, the economy in China is expected to reach its bottom and starts to recover this year, such that the sales volume of high-end smartphones will be driven to increase. the Company remains optimistic about the development of mobile brands from China in local and global markets. Mobiles from Mainland China possess greater competitive strength as compared to US brands in terms of prices, which is a crucial factor favorable for entering emerging markets for sales, and is the key to the business growth of the Company in the future. Furthermore, the Company's planning in the new growth opportunities in the overseas market is expected to promote the development of electric vehicles. Accordingly, the overall demand for automotive and AI FPC applications is expected to show remarkable growth in the future.

Chairman: Lee Chien-Hui

Manager: Lee Chien-Hui

Chief Accountant: Cheng Wan-Yu

Two. Company Profile

I. Establishment date: 7 July 2003

II. Company milestones

Year	Material event
July 2003	Founded Asia Electronic Material Co., Ltd. that engages in cover lay, FCCL, and other flexible circuit board base materials with a registered capital of NT\$1,000 thousand.
July 2003	Established the R&D Center at Incubation Center, ITRI.
July 2003	The Investment Committee approved the investments in Kunshan Aplus Tec. Corporation via a third-party region.
August 2003	Performed a capital increase in cash of NT\$34,490 thousand, and the paid-in capital increased to NT\$35,490 thousand.
October 2003	Performed a capital increase in cash of NT\$115,210 thousand, and the paid-in capital increased to NT\$150,700 thousand.
December 2003	Performed a capital increase in cash of NT\$69,300 thousand, and the paid-in capital increased to NT\$220,000 thousand.
February 2004	Performed a capital increase in cash of NT\$65,000 thousand, and the paid-in capital increased to NT\$285,000 thousand.
May 2004	Commenced the trial production of the first production line of the Kunshan Plant in Mainland China.
May 2004	Performed a capital increase in cash of NT\$40,000 thousand, and the paid-in capital increased to NT\$325,000 thousand.
June 2004	Commenced the mass production of the first production line of the Kunshan Plant in Mainland China.
June 2004	Performed a capital increase in cash of NT\$35,750 thousand, and the paid-in capital increased to NT\$360,750 thousand.
June 2004	Kunshan Plant in China passed U/L accreditation (File No. E246440 Website:www.UL-asia.com) 。
July 2004	Kunshan Plant in Mainland China passed the ISO 9001 certification.
August 2004	Commenced the mass production of 3-layer single-sided and double-sided PCB (resin coated) of Kunshan Plant in Mainland China.
October 2004	The R&D Center of the Company relocated to its current address at Zhubei City, Hsinchu County.
September 2005	Performed a capital increase in cash of NT\$49,250 thousand, and the paid-in capital increased to NT\$410,000 thousand.
April 2006	Kunshan Plant in Mainland China formally introduced the GP/ROHS Product Environmental Quality Management System.
April 2006	Performed a capital increase in cash of NT\$30,000 thousand, and the paid-in capital increased to NT\$440,000 thousand.
August 2006	Commenced the mass production of the 2-layer single-sided PCB (resin-free) of Kunshan Plant in Mainland China.
August 2006	Kunshan Plant in Mainland China passed the ISO 14001 environment management system certification.
December 2006	Performed a capital increase in cash of NT\$60,000 thousand, and the paid-in capital increased to NT\$500,000 thousand.
January 2007	Awarded the Excellent Supplier of 2006 Award by CareerTech.
July 2007	Passed the QC080000 system certification.
October 2007	Performed a capital increase in cash of NT\$30,000 thousand, and the paid-in capital increased to NT\$530,000 thousand.
October 2007	Commenced the mass production of the third production line of the Kunshan Plant in Mainland China.
December 2007	Kunshan Plant in Mainland China passed the certification of Kunshan Technology R&D Center (昆山市科技研發中心).
January 2008	Awarded the Excellent Supplier of 2007 by CareerTech.
February 2008	Passed the Green Partner certification of SONY (Japan).
July 2008	Performed a capital increase from earnings of NT\$15,000 thousand, and the paid-in capital increased to NT\$545,000 thousand.
November 2008	The Company obtained a utility model patent of “cover lay for PCB production, PCB, and lamination of PCB.”
February 2009	The Company obtained a utility model patent for “polyimide composite film.”

Year	Material event
August 2009	The Company obtained a utility model patent for “a type of double-sided CCL.”
October 2009	The Company obtained five utility model patents for “matting polymer thin film structure,” “copper clad transformation device,” “a type of polyimide composite film and stiffener for PCB,” “FPC structure,” and “cover lay for PCB.”
November 2009	The Company obtained two utility model patents for the “thin film transformation device” and “a type of CCL for FPC.”
February 2010	The Company obtained two utility model patents for “protective film for RFPCB” and “a type of cover lay for PCM.”
March 2010	The Company was approved for a supplementary public offering.
April 2010	The Company obtained three utility model patents for “cover lay and PCB structure using the cover lay,” “a type of composite double-sided CCL and PCB structure using the cover lay,” and “cover lay with heat conductivity.”
May 2010	The Company obtained a utility model patent for “polyimide composite film for PCB.”
May 2010	The listing of the Company on the emerging stock market for trading was approved (stock code: 4939).
August 2010	The Company obtained a utility model patent of “CCL for FPC.”
September 2010	Performed a capital increase from earnings and employee bonuses of NT\$35,790 thousand, and the paid-in capital increased to NT\$580,790 thousand.
October 2010	The Company obtained an invention patent for the “non-organic nanoparticle and polyimide compound with an organic reflective functional group, composite thin film, and double-layer FCCL with the composite thin film, and their manufacturing method.”
December 2010	Kunshan Plant in Mainland China passed the New Tech Enterprise certification.
March 2011	The Company obtained two invention patents for “protective film of PCB and PCB surface adhesion processing procedures using the protective film” and “silicon steel sheet for circuit board lamination and lamination method using the steel sheet.”
September 2011	According to the approval under Letter Zheng-Gui-Shen-Zi No.1000024918 issued by Taipei Stock Exchange on 16 September 2011, the stocks of the Company were listed on TPEx for trading on 19 September 2011, and the listing on the emerging stock market ended on the same date.
September 2011	The Company obtained a utility model patent for the “solar cell backboard structure.”
October 2011	The Company obtained two utility model patents for “solar cell backboard structure” and “battery container layer structure.”
November 2011	The Company obtained a utility model patent for “a type of CCL for FPC.”
December 2011	The Company obtained a utility model patent for “polyimide composite film for PCB.”
January 2012	The Company obtained two utility model patents for “high-thermal conductivity thin metal substrate” and “thermal-conducting double-sided RFPCB.”
February 2012	The Company obtained two utility model patents for “composite double-sided black CCL” and “high-frequency substrate structure.”
March 2012	The Company obtained two utility model patents for “high-thermal conducting FCCL” and “EMI-masking structure and FCP with the structure.”
May 2012	The Financial Supervisory Commission, Executive Yuan, approved the declaration for the effectiveness of the 1 st tranche of secured convertible corporate bonds of AEM (AEM I) in the amount of NT\$300 million.
May 2012	Performed a capital increase from earnings of NT\$120,836 thousand, and the paid-in capital increased to NT\$840,095 thousand.

Year	Material event
July 2012	The Company obtained a utility model patent for “polyimide composite thin film.”
July 2012	The Company obtained a utility model patent for the “high-thermal conductivity metal substrate.”
August 2012	The Company obtained an invention patent for “adhesive components and optical film.”
August 2012	The Company obtained two model utility models for “matting stiffener for PCB” and “composite film structure and touch screen with the structure.”
September 2012	Commenced the mass production of the fourth production line of the Kunshan Plant in Mainland China.
September 2012	The Company obtained an invention patent for “FPC.”
September 2012	The Company obtained two utility model patents for “high-frequency substrate structure” and “backboard structure of solar cell module.”
November 2012	The Company obtained four utility model patents for “composite thermal-conducting CCL,” “EMI shielding structure and FPC with the structure,” “EMI shielding layer structure and FPC with the structure,” and “battery container layer structure.”
December 2012	The Company obtained three utility model patents for “composite double-sided CCL,” “heating cabinet used in PCB manufacturing procedures.”
December 2012	Performed a conversion of employee stock option certificates to ordinary shares in the amount of NT\$109 thousand, and the paid-in capital increased to NT\$840,204 thousand.
February 2013	The Company obtained an invention patent for “FPC.”
February 2013	The Company obtained three utility model patents for “CCL used in FPC,” “EMI-inhibiting structure and FPC with the structure,” and “high-thermal conducting circuit board structure.”
March 2013	The Company obtained two utility model patents for “cover lay and FPC with the cover lay” and “CCL with a composite structure.”
April 2013	The Company obtained two utility model patents for “FPC” and “layer structure of flexible cell packaging material.”
June 2013	The Company obtained a utility model patent for “cover structure for PCB.”
July 2013	The Company obtained a utility model patent for the “lithium battery temperature sensor.”
August 2013	The Company obtained a utility model patent for the “absorber for PCB lamination.”
August 2013	Performed a capital increase from earnings of NT\$29,407 thousand, and the paid-in capital increased to NT\$869,611 thousand.
October 2013	Kunshan Plant in Mainland China passed the New Tech Enterprise certification.
November 2013	The Company obtained a utility model patent for “hot lamination equipment.”
December 2013	The Company obtained a utility model patent for the “solar cell backboard structure” and an invention patent for the “masking structure and FPC with the mask structure.”
March 2014	The Financial Supervisory Commission, Executive Yuan, approved the declaration for the effectiveness of the 2 nd tranche of secured convertible corporate bonds of AEM (AEM II) in the amount of NT\$300 million.
April 2014	The Company obtained a utility model patent for the “protective film for antenna board.”

Year	Material event
July 2014	The Company obtained three utility model patents for “protective film,” “solar cell backboard structure,” and “cover lay and FPC with the cover lay.”
August 2014	Performed a capital increase from earnings in the amount of 2,608,832 shares subject to Letter Jing-Shou-Shan-Zi No.10301161800, and the paid-in capital increased to NT\$895,699 thousand.
October 2014	The Company obtained two utility model patents for the “stacking structure of wireless communication antenna board” and “laminated structure of antenna board.”
November 2014	Performed a conversion of corporate bonds to ordinary shares in the amount of 7,074,507 shares and a conversion of employee stock warrants to ordinary shares in the amount of 190,600 shares subject to Letter Jing-Shou-Shan-Zi No.10301241980, and the paid-in capital increased to NT\$973,219 thousand.

January 2015	The Company obtained a utility model patent for the “battery container layer structure.”
March 2015	Performed a conversion of corporate bonds to ordinary shares in the amount of 738,656 shares and a conversion of employee stock warrants to ordinary shares in the amount of 14,625 shares subject to Letter Jing-Shou-Shan-Zi No.10401038070, and the paid-in capital increased to NT\$980,751 thousand.
April 2015	Performed a conversion of employee stock warrants to ordinary shares in the amount of 125,725 shares subject to Letter Jing-Shou-Shan-Zi No.10401076150, and the paid-in capital increased to NT\$982,009 thousand.
August 2015	The Company obtained a utility model patent for the “battery container layer structure.”
September 2015	The Company obtained two utility model patents for “battery container layer structure.”
November 2015	The Company obtained a utility model patent for the “battery container layer structure.”
May 2016	The Company obtained a utility model patent for the “double-sided CCL structure” and a utility patent for “CCL.”
July 2016	The Company obtained a utility model patent for the “stiffener” and a utility model patent for the “EMI shielding heat spreader.”
August 2016	The Company obtained a utility model patent for “substrate structure” and a utility model structure for “cover lay structure.”
October 2016	The Company obtained a utility model patent for the “high-frequency substrate structure.”
November 2016	The Company obtained a utility model patent for the “head spreader.”
September 2017	The Company obtained a utility model patent for “high-masking EMI shielding film with black polyimide, a type of FRCC base material with high heat-spreading efficiency, Nano metal substrate for FOC and COF with ultra-thin circuits, and high-masking EMI shielding film with black polyimide (China).”
November 2017	The Company obtained a utility model patent for the “Nano metal substrate for materials of FOC and COF with ultra-thin circuits and high-masking EMI shielding (China).”
December 2017	The Company obtained a utility model patent for the “battery container layer structure (radical trap layer), a type of battery container layer structure (internal cladding) (China), colored thin cover lay (Taiwan), and Nano metal substrate for materials of FOC and COF with ultra-thin circuits (China).”
January 2018	The Company obtained a utility model patent for “a type of white cover lay for LED substrate and LED substrate using the white cover lay, composite LCP high-frequency and high-speed double-sided FCCL, and composite LCP high-frequency and high-speed FRCC base material (China).”
February 2018	The Company obtained a utility patent for “a type of high-frequency colored ultra-thin cover lay, resin coated FCCL (Taiwan), and high-masking EMI shielding film (Taiwan).”
March 2018	The Company obtained a utility model patent for “FCCL with composite stacking structure (Taiwan).”

Year	Material event
August 2018	The Company obtained an invention patent for “high-transmission thin EMI shielding film and its manufacturing method and application (China)” and utility model patents for “LCP or fluoropolymer high-frequency and high-transmission double-sided CCL and FPC (China)” and “composite fluoropolymer high-frequency and high-transmission double-sided CCL and FPC (China).”
September 2018	The Company obtained an invention patent for “composite metal substrate structure (Taiwan)” and a utility model patent for “high-frequency high-transmission FPC with FRCC (China).”
November 2018	The Company obtained an invention patent for “Nano metal substrate for FPC and COF materials (Taiwan)” and utility models for “high-frequency FRCC and high-frequency double-sided multilayer FPC (China)” and “high-frequency FRCC and high-frequency single-sided multilayer FPC (China).”
December 2018	The Company obtained an invention patent for “resin components to form insulation layer and composite metal substrate structure (Taiwan).”
January 2019	The Company obtained invention patents for “multilayer anisotropic conductive film and its manufacturing method (Taiwan)” and “PI-type high-frequency and high-speed transmission double-sided CCL and its manufacturing method (Taiwan).”
February 2019	Approved the proposal for investments in Aplus Tec. Corporation (Dongtai) (US\$4,324,200) according to Letter Jing-Shen-Er-Zi No.10800047410 issued by the Investment Committee, Ministry of Economic Affairs.
March 2019	The Company obtained utility model patents for “composite high-frequency substrate with high DK and low DF features (China),” “LCP high-frequency substrate with high DK and low DF features (China),” and “high-frequency and high-speed bonding sheet with high DK and low DF features (China).”
April 2019	The Company obtained invention patents for the “heat spreader with EMI shielding function (China),” “a type of white cover lay for LED substrate and LED substrate using the white cover lay (Taiwan),” “coated FCCL with composite lamination and its forming method (Taiwan),” “Nano metal substrate for FPC and COF materials (Taiwan),” and “Nano metal substrate for FPC and COF materials (with an additional adhesive layer) (Taiwan).”
July 2019	The Company obtained invention patents for “a type of ultra-thin white cover lay and LED substrate using the white cover lay (Taiwan),” “high-masking colored ultra-thin cover lay and manufacturing method (Taiwan),” “composite material for FPC and its manufacturing method (Taiwan),” and “composite fluoropolymer high-frequency and high-transmission double-sided CCL and its manufacturing method (Taiwan).”
August 2019	The Company obtained an invention patent for “composite metal substrate and its manufacturing method and board (Taiwan).”
September 2019	The Company obtained an invention patent for “colored thin cover lay and its manufacturing method (Taiwan)” and “EMI shielding film (Taiwan).”
October 2019	The Company obtained an invention patent for “a type of multilayer conductive resin film and its manufacturing method (China).”
November 2019	The Company obtained an invention patent for the “Nano metal substrate for materials of FOC and COF with ultra-thin circuits and manufacturing method (China).”
December 2019	The Company obtained an invention patent for “a type of FPC and its manufacturing method and board (Taiwan).”
January 2020	The Company obtained invention patents for “PI-type high-frequency and high-speed transmission double-sided CCL and its manufacturing method (China),” “high-masking EMI shielding film with double metal layers and its manufacturing method (China),” and “multilayer anisotropic and penetrating the conductive fabric and its manufacturing method, and reinforced FPC masking structure using the conductive fabric (Taiwan).”
February 2020	The Company obtained invention patents for “composite LCP high-frequency and high-speed double-sided CCL and its manufacturing method (China),” “a type of composite high-frequency substrate and its manufacturing method (Taiwan),” and “colored thin cover lay and its manufacturing method (Korea).”

Year	Material event
March 2020	The Company obtained invention patents for “high-haze colored ultra-thin high-frequency cover lay and its manufacturing method (the U.S.),” “composite laminated LCD polymeric material substrate and its manufacturing method (Taiwan),” and “LCD polymeric material substrate with high adhesive strength and its manufacturing method (Taiwan).”
April 2020	The Company obtained utility model patents for “high reflection ultra-thin cover lay for LED (China)” and “high-masking EMI shielding (China).”
May 2020	The Company obtained utility patents for “thin cover lay with EMI function (China)” and “a type of high reflection two-layer cover lay (China)” and invention patents for “multilayer anisotropic conductive fabric and its manufacturing method (Korea).”
June 2020	The Company obtained utility model patents for “a type of high-frequency film with high-EM shielding function (China)” and “fluoropolymer high-frequency substrate, cover lay, and bonding sheet (China)” and invention patents for “high-haze colored ultra-thin high-frequency cover lay and its manufacturing method (Taiwan),” “a type of multilayer FPC and its manufacturing method (Taiwan),” and “a type of high-frequency and high-speed bonding sheet and its manufacturing method (Taiwan).”
August 2020	The Company obtained a utility model patent for “high-frequency, high-speed, and low loss three-layer FPC with composite LCP substrate (China)” and an invention patent for “high-haze colored ultra-thin high-frequency cover lay and its manufacturing method (China).”
September 2020	The Company obtained invention patents for “a type of ultra-thin white cover lay and LED substrate using the white cover lay (China),” “composite laminated LCP substrate and manufacturing method (China),” and “EMI shielding with conductive fiber and its manufacturing method (Taiwan).”
October 2020	The Company obtained an invention patent for the “high reflection ultra-thin cover lay for LED and its manufacturing method (Taiwan).”
November 2020	The Company obtained invention patents for “multilayer anisotropic conductive fabric and its manufacturing method (the U.S.),” “composite thin high-masking EMI shielding film and its manufacturing method (China),” and “high-frequency cover lay with high EMI shielding function and its manufacturing method (Taiwan).”
February 2021	The Company obtained invention patents for transparent composite film, the composite transparent substrate with the transparent composite film, FPC with the composite transparent substrate, and their manufacturing method (Taiwan).”
March 2021	The Company obtained invention patents for “high-frequency and high transmission double-sided CCL, composite material for FPC, and their manufacturing method (Taiwan)” and “fluoropolymer high-frequency substrate, cover lay, bonding sheet, and their manufacturing method (Taiwan).”
April 2021	The Company obtained the utility model patents for “a type of EMI-masking cover lay for PCB (China)” and “cover lay with carrier film (China).”
July 2021	The Company obtained a utility model patent for “a type of FCCL with multilayer composite structure (China).”
September 2021	The Company obtained invention patents for “high-frequency CCL and its manufacturing method (Taiwan)” and “three-layer FPC with composite LCD substrate and its manufacturing method (Taiwan).”
October 2021	The Company obtained an invention patent for “cover lay and its manufacturing method (Taiwan).”
December 2021	The Company obtained utility model patents for “a type of composite high-frequency substrate (China)” and “matte EMI shielding film with carrier film (China)” and an invention patent for “EMI shielding film with multi-hole metal and its manufacturing method (Taiwan).”
February 2022	The Company obtained an invention patent for “cover lay with EMI shielding function and its manufacturing method (Taiwan).”
March 2022	The Company obtained invention patents for “ultra-thin and highly transparent polyimide film and its manufacturing method (Taiwan)” and “high reflection two-layer cover lay (Taiwan).”

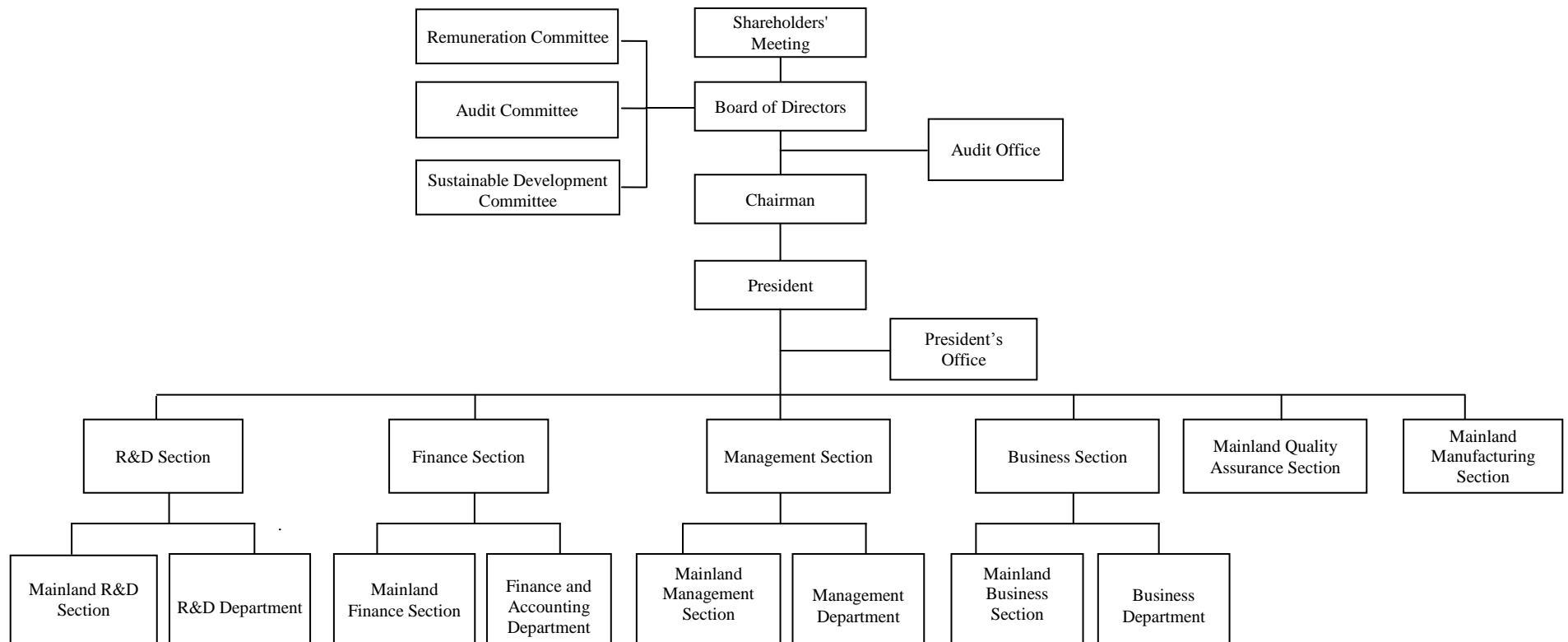
Year	Material event
April 2022	The Company obtained a utility model patent for “a type of EMI shielding film (China).”
May 2022	The Company obtained invention patents for “multilayer conductive fabric adhesion and manufacturing methods (Japan)” and “FPC with EMI shielding function and its manufacturing method (Taiwan).”
June 2022	The Company obtained an invention patent for “composite LCP high-frequency and high-speed double-sided CCL and its manufacturing method (the U.S.).”
September 2022	The Company obtained an invention patent for “a type of FCCL with multilayer composite structure (Taiwan).”
October 2022	The Company obtained invention patents for “a type of high masking FPC and its manufacturing method (China)” and “transparent composite PI film, transparent composite PI substrate with such PI film, and their manufacturing methods (China).”
November 2022	The Company obtained an invention patent for “colored thin cover lay and its manufacturing method (Japan).”
December 2022	The Company obtained an invention patent for “a type of high EMI shielding film with multi aperture foil and its manufacturing method (China).”
February 2023	The Company obtained an invention patent for “a type of multilayer asymmetrical conductive fabric tape and its manufacturing method (Taiwan).”
March 2023	The Company obtained the new patent for "fluorine-based composite membrane and stiffener (China)"
July 2023	The Company obtained the invention patent of "EMI Shielding Reinforcement Board for PCB and its Manufacturing Method (Taiwan)"
August 2023	The Company was awarded the invention patent for "a high-performance polyimide masking film and its preparation method (China)"
November 2023	The Company was awarded invention patents for "a multi-layer anisotropic conductive adhesive and its production method (China)" and "an ultra-thin mask film that is resistant to high step differences and bending and its production method (China)"
December 2023	The Company was awarded the invention patent for "a high mask PI type EMI shielding film and its preparation method (China)"
January 2024	The Company was awarded invention patents for "a composite high-frequency substrate and its preparation method (Taiwan)" and "a high frequency cover film with high electromagnetic shielding function and its preparation method (China)".
February 2024	The Company obtained an invention patent for “high-frequency FRCC and high-frequency double-sided multilayer FPC-and technique (China)” and “high-frequency FRCC and high-frequency single-sided multilayer FPC-and technique (China).”
March 2024	The Company was awarded the invention patents for "multi-layer anisotropic piercing conductive fabric and the FPC reinforced mask structure (China)", "highly shielding EMI masking film with black polyimide film and its preparation method (China)" and "light and thin black conductive adhesive film (China)".

Three. Corporate Governance Report

I. Organization

(I) Organizational structure

Organization Chart



(II) Scope of business of major departments

Department	Scope of duties
President	Carry out business performance analysis, regular meeting arrangements, review of all claim papers, project improvement reports for existing issues of departments, and budgeting and expense control.
Audit Office	Promotion, establishment, addition/amendment, and execution of internal control and internal audit systems and monitoring and management of subsidiaries.
R&D Section	Development of new products, application of other new projects, new product development/patent, UL projects, assisting in business/new product promotion, ITRI technical consultation/other cooperating platforms.
Business Section	Promotion and sales of relevant products of the Company, focusing on communications with customers, keeping abreast of and collecting customer information and market development, learning customers' issues and providing feedback to the plant, credit loan management, quotation management, order management, inventory management (production and sales), and shipping management).
Management Section	Responsible for the Company's right and responsibility operation of organization, human affairs management, administration and asset management, procurement management, computer and IT system, and other software/hardware maintenance, control, and other events of management.
Finance Section	Responsible for financial allocation and capital management, banking risk management and budgeting, and providing statements of financial and accounting information. Execution of corporate registration alteration, matters related to the Board and shareholders' meetings, material information and relevant announcements.
Mainland Manufacturing Section	Responsible for the trial production and mass production of products, production scheduling, warehouse storage management, improvement in yield and issues of manufacturing procedures, follow-up on the production status of existing products and standard definition.
Mainland Quality Assurance Section	Intake/semi-finished good/finished good inspection and manufacturing procedures patrol inspection/audit. Handling/improvement/follow-up of quality anomaly, measuring instrument management, and verification. Documents required by customers and handling customer complaints.

II. Data on Directors, supervisors, President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

(I) Data on President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches

26 March 2024

Title	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse and minors		Shares held in the name of other persons		Major career achievements (academic background)	Concurrent duties in other companies	Other managers who are spouse or blood relatives within the second degree of kinship			Remarks
					Number of shares (share)	Shareholding (%)	Number of shares (share)	Shareholding (%)	Number of shares (share)	Shareholding (%)			Title	Name	Relationship	
President	Taiwan	Lee Chien-Hui	Male	2003.06	4,751,153	4.84	8,219	0.01	4,853,800	4.94	Ph.D., Department of Chemical Engineering, Chung Yuan Christian University Researcher, ITRI MCL Adjunct Associate Professor, Department of Chemical Engineering, Chung Yuan Christian University President, TAIFLEX Scientific Director, FLEXIUM Interconnect Inc. Vice president, Hongren Electronics, Grace T.H.W. Group	Director, Kunshan Aplus Tec. Corporation Director, Asia Electronic Material Holding (Samoa) Co., Ltd. Director, Besttrade Co., Ltd. Director, Ammon Tec. Investment Corp. Director, Aplus Tec. Corporation (Dongtai)	None	None	None	Note 1
Vice President	Taiwan	Hsu Ming-Hua	Male	2016.02	615,180	0.55	35,901	0.04	0	0	Department of Chemical Engineering, Chung Yuan Christian University Manager, Business Section, TAIFLEX Scientific Assistant vice president, Business Section, Grace Electron Corp.	Legal representative, director, and manager, Kunshan Aplus Tec. Corporation Legal representative, director, and president, Aplus Tec. Corporation (Dongtai)	None	None	None	-
Special assistant of the Chairman	Taiwan	Tseng Chi-Min	Male	2018.12	333,000	0.34	0	0	0	0	Department of Engineering, Ming Chi Institute of Technology Senior specialist, Nan Ya Plastics Corporation, FPG Vice president, Grace Electron Corp. Marketing director, Peng Nuo Hui Li Electronic Material (Xiamen) Co., Ltd.	Special assistant of chairman, Kunshan Aplus Tec. Corporation Director, Aplus Tec. Corporation (Dongtai)	None	None	None	-
Assistant Vice President	Taiwan	Wang Chien-Chao	Male	2007.03	8,888	0.01	0	0	0	0	Institute of Industrial Engineering, National Chiao Tung University Assistant manager, Management Department, TAIFLEX Scientific	Director and chief safety inspector of the Occupational Safety Office, Kunshan Aplus Tec. Corporation	None	None	None	-

Title	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse and minors		Shares held in the name of other persons		Major career achievements (academic background)	Concurrent duties in other companies	Other managers who are spouse or blood relatives within the second degree of kinship			Remarks
					Number of shares (share)	Shareholding (%)	Number of shares (share)	Shareholding (%)	Number of shares (share)	Shareholding (%)			Title	Name	Relationship	
Assistant Vice President, R&D Section	Taiwan	Lin Chih-Ming	Male	2016.02	205,964	0.21	0	0	0	0	Department of Chemical Engineering, National Taiwan University of Science and Technology R&D engineer, ThinFlex Corporation	Assistant vice president, R&D Section, Kunshan Aplus Tec. Corporation Supervisor, Aplus Tec. Corporation (Dongtai)	None	None	None	-
Manager, Finance Section	Taiwan	Cheng Wan-Yu	Female	2007.09	152,262	0.16	0	0	0	0	MBA (Accounting), Institute of Management, Yuan Ze University Assistant manager of audit, KPMG Taiwan Audit specialist, Sinonar Corp.	None	None	None	None	-

Note 1: In the event that the Chairman and President or a position of the same level (top-level manager) are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be disclosed.

The Chairman of the Company holding the position of President concurrently is to improve our operating efficiency and decision execution. However, to reinforce the independence of the Board, the Company has been actively training appropriate internal candidates and has otherwise appointed Ming Hua, vice president of Taiwan Certificate, as the corporate representative and president of Kunshan Aplus Tec. Corporation. In addition, the Chairman frequently communicates with Directors in terms of the recent operation status, plans, and policies of the Company to realize corporate governance. At the 2021 annual shareholders' meeting, the number of Independent Directors increased from two to four, improving the Board's functions and enhancing its supervisory function. Currently, the Company has the following substantial measures:

1. The current Independent Directors have expertise in the field of electronic parts and the components industry and are able to effectively exercise their supervisory duties.
2. The Company makes arrangements for Directors to participate in professional Director programs organized by SFI and other external institutions each year to improve the operating functions of the Board.
3. Independent Directors in all functional committees may carry out comprehensive discussions and propose recommendations for the Board's reference to realize corporate governance.
4. More than half of the Board members are not concurrently employees or managers.

(II) Data on directors

March 26, 2024 Unit: share

Title	Nationality or place of registration	Name	Gender/age	Date elected	Term of office	Date initially elected	Number of shares held when elected		Number of shares at present		Shares held by spouse and minors at present		Shares held in the name of other persons		Major career achievements (academic background)	Concurrent positions at the Company or other companies	Spouse or relatives within the second degree of kinship who are other managers, Directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
Chairman	Taiwan	Lee Chien-Hui	Male 60-70	2021.7.23	3	2003.6.27	4,751,153	4.84	4,751,153	4.84	8,219	0.01	4,853,800	4.94	Ph.D., Department of Chemical Engineering, Chung Yuan Christian University Researcher, ITRI MCL Adjunct Associate Professor, Department of Chemical Engineering, Chung Yuan Christian University President, TAIFLEX Scientific Director, FLEXIUM Interconnect Inc. Vice president, Hongren Electronics, Grace T.H.W. Group	Director, Kunshan Aplus Tec. Corporation Director, Aplus Tec. Corporation (Dongtai) Director, Asia Electronic Material Holding (Samoa) Co., Ltd. Director, Besttrade Co., Ltd. Director, Ammon Tec. Investment Corp.	Director representative	Huang Song-Zhen	Spouse	Note 1
Director	Taiwan	Bo Chun Investment Co., Ltd. Representative: Huang Song-Zhen	Not applicable	2021.7.23	3	2015.5.28	2,860,080	2.91	2,860,080	2.91	0	0	0	0	-	-	None	None	None	None
Director representative	Taiwan	Huang Song-Zhen	Female 51-60	2021.7.23	-	2015.5.28	0	0	8,219	0.01	4,751,153	4.84	0	0	Master, Institute of Chemical Engineering, Chung Yuan Christian University	None	Director	Lee Chien-Hui	Spouse	None
Director	Taiwan	Tsai Sen	Male 60-70	2021.7.23	3	2021.7.23	467,251	0.48	467,251	0.48	104,633	0.11	0	0	Supervisor, Asia Electronic Material Co., Ltd.	None	None	None	None	None
Director	Taiwan	Chen Ching-Chi	Male 60-70	2021.7.23	3	2021.7.23	471,059	0.48	565,059	0.58	0	0	0	0	Department of Business Administration, Aletheia University Computer engineer, TAIFLEX Scientific	Supervisor, Kunshan Aplus Tec. Corporation	None	None	None	None
Director	Taiwan	Lin Wei-Hung	Male 60-70	2021.7.23	3	2010.6.29	309,766	0.32	309,766	0.32	0	0	256,000	0.26	Master, National Taiwan Institute of Technology Passed the Senior Examination for Certified Public Accountants CPA, KPMG	Principal and CPA of Gao Fu Accounting Firm (高輔會計師事務所) Independent Director, Celxpert Energy Corporation	None	None	None	None
Independent Director	Taiwan	Yu Tsai-An	Male 60-70	2021.7.23	3	2010.6.29	3,094	0	3,094	0	0	0	0	0	Vice president, Formosa Advanced Coating Technology Inc. Senior manager, Far Eastern New Century Corporation	Chairman and president, IMAT Corporation	None	None	None	None

Title	Nationality or place of registration	Name	Gender/age	Date elected	Term of office	Date initially elected	Number of shares held when elected		Number of shares at present		Shares held by spouse and minors at present		Shares held in the name of other persons		Major career achievements (academic background)	Concurrent positions at the Company or other companies	Spouse or relatives within the second degree of kinship who are other managers, Directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
Independent Director	Taiwan	Hsu Ke-Ying	Male 70-80	2021.7.23	3	2010.6.29	0	0	0	0	0	0	0	0	Ph.D. in Chemical Engineering, National Tsing Hua University Associate Professor, Department of Chemical Engineering, Chung Yuan Christian University Professor, Department of Chemical Engineering, Chung Yuan Christian University	None	None	None	None	None
Independent Director	Taiwan	Chu Nien-Tzu	Male 60-70	2021.7.23	3	2021.7.23	0	0	0	0	0	0	0	0	EMBA, National Central University CEO, International Industry-academia Alliance, Center for Academia and Industry Collaboration, National Central University Vice president, Department of Startup Business, DuPont Taiwan	Adjunct Lecturer of Department of Statistics, Tamkang University	None	None	None	None
Independent Director	Taiwan	Li Chun-Ching	Male 60-70	2021.7.23	3	2021.7.23	0	0	0	0	0	0	0	0	MBA, Syracuse University (the U.S.) Bachelor in Public Finance, National Chengchi University Vice president, E.SUN Securities, Co., Ltd. Assistant vice president, MasterLink Securities Corporation Senior analyst, Taiwan Ratings	Chairman, Acute Technology Inc.	None	None	None	None

Note 1: In the event that the Chairman and President or a position of the same level (top-level manager) are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be disclosed.

The Chairman of the Company holding the position of President concurrently is to improve our operating efficiency and decision execution. However, to reinforce the independence of the Board, the Company has been actively training appropriate internal candidates and has otherwise appointed Ming Hua, vice president of Taiwan Certificate (台灣許可證), as the corporate representative and president of Kunshan Aplus Tec. Corporation. In addition, the Chairman frequently communicates with Directors in terms of the recent operation status, plans, and policies of the Company to realize corporate governance. At the 2021 annual shareholders' meeting, the number of Independent Directors increased from two to four, improving the Board's functions and enhancing its supervisory function. Currently, the Company has the following substantial measures:

1. The current Independent Directors have expertise in the field of electronic parts and the components industry and are able to effectively exercise their supervisory duties.
2. The Company makes arrangements for Directors to participate in professional Director programs organized by SFI and other external institutions each year to improve the operating functions of the Board.
3. Independent Directors in all functional committees may carry out comprehensive discussions and propose recommendations for the Board's reference to realize corporate governance.
4. More than half of the Board members are not concurrently employees or managers.

Note 2: The Company set up the Audit Committee to replace supervisors.

2. Major shareholders of corporate shareholders

Major shareholders of corporate shareholders

March 26, 2024

Name of corporate shareholder	Major shareholder of corporate shareholder
E INK HOLDINGS INC.	YFY Inc. 11.7%; Hsin Yi Enterprise Co., Ltd. 2.87%
Ji Jian Duan Investment Co., Ltd.	Tsai Wen-Hua (33.33%), Tsai Wen-Li (16.67%)
Bo Chun Investment Co., Ltd.	Lee Chien-Hui (72.38%) and Huang Song-Zhen (27.57%)
Sheng Bo Investment Co., Ltd.	Lee Chien-Hui (51.87%)

Major shareholders of major corporate shareholders

March 26, 2024

Name of corporate shareholder	Major shareholder of corporate shareholder
None	None

Data on directors (II)

I. Disclosure of professional qualification of Directors and independence of Independent Directors:

Name \ Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Chairman - Lee Chien-Hui	Researcher, ITRI MCL Adjunct Associate Professor, Department of Chemical Engineering, Chung Yuan Christian University President, TAIFLEX Scientific Director, FLEXIUM Interconnect Inc. Vice president, Hongren Electronics, Grace T.H.W. Group		None
Director - Bo Chun Investment Co., Ltd. Representative: Huang Song-Zhen	Master, Institute of Chemical Engineering, Chung Yuan Christian University		None
Director - Tsai Sen	Supervisor, Asia Electronic Material Co., Ltd.		None
Director - Chen Ching-Chi	Computer engineer, TAIFLEX Scientific Supervisor, Asia Electronic Material Co., Ltd. Supervisor, Kunshan Aplus Tec. Corporation		None
Director - Lin Wei-Hong	Master, National Taiwan Institute of Technology Passed the Senior Examination for Certified Public Accountants CPA, KPMG Researcher, Technology Consultation Division, Executive Yuan Tax agent, Taxation Administration, Ministry of Finance Consultant, Federation of China Youth Entrepreneurs		1
Independent Director - Yu Tsai-An (member of the Audit Committee)	Manager, ITRI MCL Vice president, Formosa Advanced Coating Technology Inc. Senior manager, Far Eastern New Century Corporation	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship. 3. The person is not a director, supervisor, or employee of another company with a special relationship with the Company 4. The person has not received any compensation for providing business, legal affairs, finance, or accounting services to the Company or its affiliates for the most recent two years. 5. Circumstances specified in subparagraphs of Article 30 of the Company Act do not exist.	None

Name \ Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Independent Director - Hsu Ke-Ying (member of the Audit Committee)	Professor, Department of Chemical Engineering, Chung Yuan Christian University	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship. 3. The person is not a Director, supervisor, or employee with a special relationship with the Company. 4. The person has not received any compensation for providing business, legal affairs, financial, or accounting services to the Company or its affiliates. 5. Circumstances specified in subparagraphs of Article 30 of the Company Act do not exist.	None
Independent Director - Chu Nien-Tzu (member of the Audit Committee)	CEO, International Industry-academia Alliance, Center for Academia and Industry Collaboration, National Central University Vice president, Department of Startup Business, DuPont Taiwan	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship. 3. The person is not a Director, supervisor, or employee with a special relationship with the Company. 4. The person has not received any compensation for providing business, legal affairs, financial, or accounting services to the Company or its affiliates. 5. Circumstances specified in subparagraphs of Article 30 of the Company Act do not exist.	None
Independent Director - Li Chun-Ching (member of the Audit Committee)	MBA, Syracuse University (the U.S.) Bachelor in Public Finance, National Chengchi University Vice president, E.SUN Securities, Co., Ltd. Assistant vice president, MasterLink Securities Corporation Senior analyst, Taiwan Ratings	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship. 3. The person is not a Director, supervisor, or employee with a special relationship with the Company. 4. The person has not received any compensation for providing business, legal affairs, financial, or accounting services to the Company or its affiliates. 5. Circumstances specified in subparagraphs of Article 30 of the Company Act do not exist.	None

Note 1: Professional qualification and experience: Specify the professional qualification and experience of individual Directors. For members of the Audit Committee who possess accounting or financial expertise, describe their background in accounting or finance and work experience. Please otherwise describe whether there are any circumstances specified in subparagraphs of Article 30 of the Company Act exist.

Note 2: Specify if Independent Directors meet the criteria for independence, including but not limited to whether the individual and spouse or relatives within the second degree of kinship thereof are Directors, supervisors, or employees of the Company or its affiliates, the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or in the name of others) and percentage, whether the individual is a director, supervisor, or employee of a company with specific relations with the Company (refer to subparagraphs 5 to 8, paragraph 1, Article 3 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), and the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the most recent two years.

II. Board diversification and independence:

1. The Company has stated the Board composition diversification policy in the “Corporate Governance Best Practice Principles.” Based on the scale of business development and the shareholding of major shareholders of the Company, taking into account the practical operating requirements, the Company has elected nine Directors (including four Independent Directors) through stringent selection and nomination procedures. Among the Directors, one is concurrently a manager, four are Independent Directors, one is female, and three are external Directors, which complies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Circumstances specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act do not exist. The backgrounds of Directors include industrial expertise, financial background, and the academic profession.
2. All Directors are Taiwanese. There is one female Director aged between 50-60, seven Directors aged between 60-70, and one Director aged between 70-80. Two Independent Directors have been in office over nine years and their expertise, familiarity with relevant laws and regulations, and experience as corporate governance specialists are significantly beneficial to the Company.
3. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

The diversification policy of the Board members and the implementation status is as follows:

Core item of diversification Name	Basic composition								Industry/academic experience				Professional skills			
	Nationality	Gender	Concurrently an employee of the Company	Age (year-old)			Term of office and seniority of Independent Director		Finance	Investment	Information and electronics	Material science	Laws	Accounting and finance	Business management	Risk management
				50-60	60-70	70-80	Less than three years	Over nine years								
Chairman - Lee Chien-Hui	Taiwan	Male	V		V					V	V	V		V	V	V
Director - Bo Chun Investment Co., Ltd. Representative: Huang Song-Zhen	Taiwan	Female		V						V		V		V	V	V
Director - Tsai Sen	Taiwan	Male			V						V			V	V	V
Director - Chen Ching-Chi	Taiwan	Male			V						V			V	V	V
Director - Lin Wei-Hung	Taiwan	Male			V				V	V				V	V	V
Independent Director - Yu Tsai-An	Taiwan	Male			V			V			V	V		V	V	V
Independent Director - Hsu Ke-Ying	Taiwan	Male				V		V			V	V		V	V	V
Independent Director - Chu Nien-Tzu	Taiwan	Male			V		V				V	V		V	V	V
Independent Director - Li Chun-Ching	Taiwan	Male			V		V		V	V			V	V	V	V

(III) Remuneration of Directors, President, and Vice Presidents

Remuneration of general Directors and Independent Directors

Unit: NT\$000'

31 December 2023

Title	Name	Remuneration of Directors								Sum of A, B, C, and D as a % of the net profit after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G as a % of the net profit after tax (Note 10)		Remuneration from investees other than subsidiaries or from the parent company (Note 11)	
		Compensation (A) (Note 2)		Severance and pension (B)		Remuneration to Directors (C) (Note 3)		Business execution expenses (D) (Note 4)				Salary, bonus, and special allowance (E) (Note 5)		Severance and pension (F)		Employee remuneration (G) (Note 6)							
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements		
Chairman	Lee Chien-Hui	0	0	0	0	599	599	240	240	2.31%	2.31%	4,068	5,028	0	0	500	0	500	0	14.89%	17.53%	0	
Director	Representative of Bo Chun Investment Co., Ltd.: Huang Song-Zhen																						
Director	Tsai Sen																						
Director	Chen Ching-Chi																						
Director	Lin Wei-Hung																						
Independent Director	Yu Tsai-An	720	720	0	0	960	960	184	184	5.13%	5.13%	0	0	0	0	0	0	0	0	5.13%	5.13%	0	
Independent Director	Hsu Ke-Ying																						
Independent Director	Chu Nian-Tzi																						
Independent Director	Li Chun-Ching																						

1. Please describe the policy, system, standards, and structure of the remuneration of Independent Directors and describe the linkage of duties and risks assumed, time invested, and other factors to amount of remuneration:

The Company complies with the requirements under Article 5 of its "Regulations for Standards and Specifications for the Distribution of Remuneration of Directors." According to paragraph 1 of the Article, the fixed traffic allowance of an Independent Director each month shall be NT\$20,000. Furthermore, according to paragraph 2 of the Article, the remuneration of Directors is calculated based on the performance and level of contributions of the Directors.

2. Except as disclosed in the above table, the remuneration received by the Company's Directors for providing services to all companies in the financial statements (such as serving as a consultant non-employee capacity) in the most recent year: None.

3. The Company set up the Audit Committee to replace supervisors

* Information related to Directors (general Directors who are not Independent Directors) and Independent Directors shall be set out separately.

Table of Remuneration Ranges

Range of remuneration paid to the Company's Directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Below NT\$1,000,000	Lee Chien-Hui, Yu Tsai-An, Hsu Ke-Ying, Chu Nien-Tzu, Li Chun-Ching, Bo Chun Investment Co., Ltd., Chen Ching-Chi, Lin Wei-Hung, and Tsai Sen	Lee Chien-Hui, Yu Tsai-An, Hsu Ke-Ying, Chu Nien-Tzu, Li Chun-Ching, Sheng Bo Investment Co., Ltd., Bo Chun Investment Co., Ltd., Ji Jian Duan Investment Co., Ltd., Chen Ching-Chi, Lin Wei-Hung, and Tsai Sen	Yu Tsai-An, Hsu Ke-Ying, Chu Nien-Tzu, Li Chun-Ching, Bo Chun Investment Co., Ltd., Chen Ching-Chi, Lin Wei-Hung, and Tsai Sen	Yu Tsai-An, Hsu Ke-Ying, Chu Nien-Tzu, Li Chun-Ching, Bo Chun Investment Co., Ltd., Chen Ching-Chi, Lin Wei-Hung, and Tsai Sen
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)			Lee Chien-Hui	
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)				Lee Chien-Hui
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	9	9	9	9

Note 1: Name of the Directors shall be set out separately (for corporate shareholders, the name and representative of corporate shareholders shall be set out separately), and the amount of payments may be disclosed in aggregate. If a Director is concurrently the President or a Vice President, please complete the table and table (3) below.

Note 2: Refer to the compensation of Directors in the most recent year (including salaries, duty allowance, severance payment, bonuses, and incentives of Directors).

Note 3: Refer to the intended amount of distribution of remuneration of Directors approved as a resolution by the Board before the shareholders' meeting for the proposal for earning distribution in the most recent year.

Note 4: Refer to relevant business execution expenses of Directors in the most recent year (including traffic allowance, special allowance, allowances, dormitory, company car, and the provision of other benefits in kind). If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration.

Note 5: Refer to salaries, duty allowance, severance payment, bonuses, incentives, traffic allowance, special allowance, allowances, dormitory, company car, and benefits in kind received by Directors who are concurrently employees (including the concurrent position of President, Vice Presidents, other managers, and employees) in the most recent year. If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses (including the acquisition of employee stock warrants, restricted stock awards, and subscription of shares under capital increases in cash) recognized according to IFRS 2 (share-based payment) shall also be included in the remuneration.

Note 6: For employee bonuses (including stock bonuses and cash bonuses) received by Directors who are concurrently employees (including the concurrent position of President, Vice Presidents, other managers, and employees) in the most recent year, the intended amount of distribution of remuneration of employees approved as a resolution by the Board before the shareholders' meeting for the proposal for earning distribution in the most recent year shall be disclosed. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year and otherwise complete Schedule 6.

Note 7: The sum of remunerations paid by all companies (including the Company) in the financial statements to the Directors of the Company shall be disclosed.

Note 8: For the sum of remunerations paid by the Company to the Directors, the name of the Directors shall be disclosed in the range where they belong.

Note 9: For the sum of remunerations paid by all companies (including the Company) in the financial statements to the Directors of the Company, the name of the Directors shall be disclosed in the range where they belong.

Note 10: Net profit after tax refers to the profit after tax for the most recent year.

Note 11: a. Please specify "Yes" or "No" in terms of whether the Directors of the Company receive relevant remunerations from investees other than subsidiaries.

b. If "Yes," the Company may opt to voluntarily specify the amount of remuneration received and combine the remuneration received by Directors of the Company from investees other than subsidiaries into column I and column J of the Table of Remuneration Ranges and rename the columns "All investees."

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, Directors and supervisors), business execution expenses, and other relevant remunerations received by Directors of the Company in the nature of Directors, supervisors, or managers of investees other than subsidiaries.

* The content of remuneration disclosed in the table is different from the concept of the Income Tax Act; therefore, the purpose of the table is for information disclosures only instead of taxation.

(3) Remuneration of President and Vice Presidents

Unit: NT\$000'

31 December 2023

Title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonus and special allowance (C) (Note 3)		Remuneration of employees (D) (Note 4)				Sum of A, B, C, and D as a % of the net profit after tax (Note 8)		Remuneration from investees other than subsidiaries (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Lee Chien-Hui	6,289	8,696	195	195	1,273	1,273	1,846	0	1,846	0	26.44%	33.07%	None
Vice President	Hsu Ming-Hua													
Special assistant of the Chairman	Tseng Chi-Min													

Table of Remuneration Ranges

31 December 2023

Range of remuneration paid to the Company's President and Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All companies in the financial statements (Note 7)
Below NT\$1,000,000		
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Tseng Chi-Min and Hsu Ming-Hua	Tseng Chi-Min
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	Lee Chien-Hui	Hsu Ming-Hua
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)		Lee Chien-Hui
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	3	3

*Regardless of titles, any positions equivalent to President or Vice President shall be disclosed.

Note 1: Name of the President and Vice Presidents shall be set out separately, and the amount of payments may be disclosed in aggregate. If a Director is concurrently the President or a Vice President, please complete the table and table (1) above.

Note 2: Refer to salaries, duty allowance, and severance payment of the President and Vice Presidents for the most recent year.

Note 3: Refer to bonuses, incentives, traffic allowance, special allowance, allowances, dormitory, company car, and benefits in kind of President and Vice Presidents for the most recent year. If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration.

Note 4: Refer to the intended amount of distribution of remuneration of employees (including stock and cash) to the President and Vice Presidents of the Company approved as a resolution by the Board in the most recent year. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year and otherwise complete Schedule 6. Net profit after tax refers to the profit after tax for the most recent year. For companies that adopted the IFRSs, the net profit after tax refers to the net profit after tax on the individual or separate financial statements for the most recent year.

Note 5: The sum of remunerations paid by all companies (including the Company) in the financial statements to the President and Vice Presidents of the Company shall be disclosed.

Note 6: For the sum of remunerations paid by the Company to the President and Vice Presidents, the name of the President and Vice Presidents shall be disclosed in the range where they belong.

Note 7: For the sum of remunerations paid by all companies (including the Company) in the financial statements to the President and Vice Presidents of the Company, the name of the President and Vice Presidents shall be disclosed in the range where they belong.

Note 8: Net profit after tax refers to the profit after tax for the most recent year. For companies that adopted the IFRSs, the net profit after tax refers to the net profit after tax on the individual or separate financial statements for the most recent year.

Note 9: a. Please specify relevant remunerations received by the President and Vice Presidents of the Company from investees other than subsidiaries.

b. if there is any amount of remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries, combine the remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries into column E of the Table of Remuneration Ranges, and renamed the columns "All investees."

c. Remuneration refers to the compensation, remuneration, employee bonuses, business execution expenses, and other relevant remunerations received by the President and Vice Presidents of the Company in the nature of Directors, supervisors, or managers of investees other than subsidiaries.

* The content of remuneration disclosed in the table is different from the concept of the Income Tax Act; therefore, the purpose of the table is for information disclosures only instead of taxation.

(IV) Names of managers who distribute employee remuneration and the distribution status

Unit: NT\$000' 31 December 2023

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total as a percentage of net profit after tax (%)
Manager	President	Lee Chien-Hui	0	2,620	2,620	7.21%
	Vice President	Hsu Ming-Hua				
	Special assistant of the Chairman	Tseng Chi-Min				
	Assistant Vice President	Lin Chih-Ming				
	Assistant Vice President	Wang Chien-Chao				
	Chief of Finance and Accounting	Cheng Wan-Yu				

Article 32 of the Articles of Incorporation: If the Company records profits for the year, it shall appropriate no less than 10% as the remuneration of employees and no more than 5% as the remuneration of Directors. However, if the Company has accumulated losses, it shall preserve the amount for compensation in advance. The distribution targets of stocks or cash as remuneration of employees include employees of subsidiaries fulfilling certain conditions.

Remuneration procedure: Performance and business operations are reviewed periodically to see if they have met the standards. Approval by the Remuneration Committee and the Board of Directors will be made with reference to not only the overall operational performance of the Company, but also individual performance attainment and contribution to the Company. Remuneration will be considered as appropriate.

(5) Compare and describe the analysis of the ratio of total remuneration to net profit after tax, as paid by the Company and by all companies in the consolidated financial statements during the most recent years to the Directors, President, and Vice Presidents of the Company, and describe the remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks

A. Analysis of the total remuneration paid to the Company's Directors, supervisors, the President, and Vice Presidents by the Company and all companies in the consolidated statements as a percentage of the net profit after tax for the most recent two years

Unit: NT\$000'

	2022	2023
Total remuneration of Directors	1,836	1,559
Ratio of the total remuneration of Directors to net profit after tax (%)	5.33%	4.29%
Remuneration of supervisors	N/A	N/A
Ratio of the total remuneration of supervisors to net profit after tax (%)	N/A	N/A
Total remuneration of President and Vice Presidents	11,707	12,010
Ratio of the total remuneration of President and Vice Presidents to net profit after tax (%)	34.01%	33.07%

Description: 1. The Company's net profit after tax in 2023 was NT\$36,322 thousand, and the net profit after tax in 2022 was NT\$34,415 thousand.

The Company's remuneration to directors as a percentage of the Company's net income for 2023 and 2022 was 4.29% and 5.33%, respectively, a decrease of NT\$277 thousand. The difference was insignificant.

The ratio of the remuneration to the net income after tax of the Company for 2023 and 2022 was 33.07% and 34.01%, respectively, a minor difference.

2. As the Company set up the Audit Committee to replace supervisors in 2021, there was no remuneration of supervisors recorded for 2023.

- B. The remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks
- a. Remuneration to directors: paid in accordance with the Company's Articles of Incorporation. The Remuneration Committee assesses their participation in the Company's operations and their contribution to the Company's operations and links the reasonableness and fairness of the performance risk to the remuneration. Suggestions shall be made after consultation at the general level of the same trade, and shall be submitted to the shareholders' meeting for approval, which will make payment according to the resolution of the shareholders' meeting.
- b. Remuneration to the President and Vice Presidents: The remuneration to the President and Vice Presidents is determined in reference to the industry standard salary levels of peer companies, the scope of responsibility and authority of the position, and the contribution to the Company's operating goals. The procedure of determining remuneration, approval by the Remuneration Committee and the Board of Directors will be made with reference to not only the overall operational performance of the Company, but also individual performance attainment and contribution to the Company. Remuneration will be considered as appropriate.
- c. All individual remunerations paid by the Company have been carefully evaluated and reviewed and resolved by the Remuneration Committee and the Board of Directors. Therefore, the remuneration policy does not involve significant uncertainties in the future.

III. Corporate governance implementation

(I) Operation of the Board

Six Board meetings (A) were held in the most recent year, and the attendance (presence) of Directors is as follows:

Title	Name	Number of attendance (presence) in person (B)	Number of attendance by proxy	Attendance (presence) rate (%) (B/A)	Remarks
Chairman	Lee Chien-Hui	6	0	100.00	
Director	Bo Chun Investment Co., Ltd. Representative: Huang Song-Zhen	6	0	100.00	
Director	Chen Ching-Chi	6	0	100.00	
Director	Tsai Sen	6	0	100.00	
Director	Lin Wei-Hung	6	0	100.00	
Independent Director	Yu Tsai-An	5	1	83.33	
Independent Director	Hsu Ke-Ying	6	0	100.00	
Independent Director	Chu Nien-Tzu	6	0	100.00	
Independent Director	Li Chun-Ching	6	0	100.00	

Note 1: For corporate Directors, the name of corporate shareholders and their representatives shall be disclosed.

Note 2: (1) If any Director/supervisor resigns before the end of the year, the resignation date shall be specified in the column of remarks, and the attendance (presence) rate (%) shall be calculated based on the number of Board meetings and the number of attendance (presence) during its term of office.

(2) If any Director/supervisor is re-elected before the end of the year, the new and former Directors/supervisors shall be specified, and the status of the former, newly elected, or re-appointed Director/supervisor and the re-election date shall be specified in the column of remarks. The attendance (presence) rate (%) shall be calculated based on the number of Board meetings and the number of attendance (presence) during its term of office.

Other matters to be recorded:

- I. If the operations of the Board are under any of the circumstances below, the date of the Board meeting, the session, the content of the proposal, all Independent Directors' opinions, and the Company's response to said opinions shall be specified:
- (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable, as the Company set up the Audit Committee.
 - (2) Any objections or qualified opinions raised by an Independent Director against a Board resolution with records or written statements other than the abovementioned matters: None.
- II. For the execution status regarding the recusal of Directors for proposals of conflict of interests, describe the name of the Director, the content of proposals, the reason for the recusal, and voting status:
- Name of Director: Lee Chien-Hui
- Content of proposal:
- The proposal for the distribution of year-end bonuses of managers in 2022 was reviewed and discussed on January 13, 2023.
- Review and discussion of the proposal for the distribution of the remuneration of employees for 2021.
- The proposal for the distribution of the remuneration of Directors and the employee remuneration of managers in 2022 was reviewed and discussed on 23 February 2023.
- Reason for the recusal for conflict of interests and voting status: Approved by all attending Directors (During the procedures: Director Lee Chien-Hui was concurrently a manager of the Company and a stakeholder of the proposal; he voluntarily recused himself from the discussion and resolution).

III. Implementation of the Board self-evaluation:

Directors of the Company completed the self-evaluation for 2023 on 27 February 2024. The relevant evaluation results are as follows:

Evaluation results are as follows.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Score
Execute once a year	Evaluation of performance from 1 January 2023 to 31 December 2023	I. Overall Board performance evaluation	Internal performance evaluation of the Board	1. Participation in the operation of the Company	4.65
				2. Improvement of the quality of the Board's decision-making	4.75
				3. Composition and structure of the Board	4.79
				4. Election and continuing education of the Directors	4.68
				5. Internal control	4.75
		II. Performance evaluation of individual Board members		1. Alignment of the goals and missions of the Company	4.67
				2. Awareness of the duties of Directors	4.78
				3. Participation in the operation of the Company	4.75
				4. Management of internal relationships and communication	4.70
				5. Election and continuing education of the Directors	4.67
				6. Internal control	4.70
		III. Performance evaluation of functional committees		1. Participation in the operation of the Company	4.91
				2. Awareness of the duties of functional committees	4.82
				3. Improvement of the quality of the functional committees' decision-making	4.83
				4. Composition and structure of functional committees	4.90
				5. Internal control	4.71

Note: The evaluation is divided into 5 grades - Figure 1: Very Poor (Strongly Disagree); Figure 2: Poor (Disagree); Figure 3: Moderate (Agreeable); Figure 4: Excellent (Agree); Figure 5: Very Good Excellent (Agree strongly)

IV. Targets (i.e., establishing the Audit Committee and improving information transparency) to improve the functions of the Board and the execution evaluations for the year and the most recent year.

(I) A re-election was performed at the shareholders' meeting on 23 July 2021; the number of Independent Directors increased to four, and the Audit Committee was established to replace supervisors.

The Board of the Company has approved the "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Corporate Governance Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Standard Procedures for Response to Requirements of the Board" to reinforce the Board's functions and improve information transparency.

(II) The Company approvedThe Company has established its "Regulations for Performance Evaluation of the Board" on 5 February 2021 in order to conduct internal performance evaluations of the board every year; the self-evaluation for the performance of the Board for 2023 was completed on 27 February 2024 An external institution may be engaged to execute the evaluation every three years based on the requirements.

(III) The Company has established the "Remuneration Committee". The Remuneration Committee is responsible for regularly evaluating and establishing the remuneration of Directors and managers and regularly examining the performance evaluation, remuneration policy, system, standards, and structure of Directors and managers. For the operation of the Remuneration Committee, please refer to page 44 of the annual report.

(II) Operation of the Audit Committee:

The summary of annual work focuses and the operation of the year of the Audit Committee are described as follows:

1. The Audit Committee of the Company comprises four Independent Directors, and the Audit Committee is responsible for monitoring the appropriate presentation of the Company's financial statements, selection (dismissal) and independence and performance evaluation of CPAs, effective implementation of internal control, compliance with laws, regulations, and rules, and the control of existing or potential risks of the Company. The main functions and power are set out as follows:

(1) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

(2) Assessment of the effectiveness of the internal control system.

(3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, the extension of monetary loans to others, or endorsements or guarantees for others.

(4) A matter bearing on the personal interest of a director.

(5) A transaction involving material assets or derivatives trading.

(6) A material monetary loan, endorsement, or provision of guarantees.

(7) The offering, issuance, or private placement of any equity-type securities.

(8) The appointment, dismissal or remuneration of CPAs.

(9) The appointment or dismissal of a financial, accounting, or internal auditing officer.

(10) Annual financial reports and interim financial reports.

(11) Any other material matter so determined by the Company or the competent authority.

Audit Committee members and their experience

Name	Education	Experience	Current employment
Yu Tsai-An	Master's degree in Chemical Engineering, National Tsing Hua University Ph.D. in Chemical Engineering, National Tsing Hua University	Manager, ITRI MCL Vice president, Formosa Advanced Coating Technology Inc. Senior manager, Far Eastern New Century Corporation	Chairman and president, IMAT Corporation Independent Director, Asia Electronic Material Co., Ltd.
Hsu Ke-Ying	Institute of Chemical Engineering, National Tsing Hua University	Associate Professor, Department of Chemical Engineering, Chung Yuan Christian University Adjunct Professor, Department of Chemical Engineering, Chung Yuan Christian University	Independent Director, Asia Electronic Material Co., Ltd.
Chu Nien-Tzu	EMBA, National Central University Bachelor's degree, Department of Chemical Engineering and Materials Engineering, Tunghai University	CEO, International Industry-academia Alliance, Center for Academia and Industry Collaboration, National Central University Vice president, Department of Startup Business, DuPont Taiwan	Adjunct Lecturer of Department of Statistics, Tamkang University Independent Director, Asia Electronic Material Co., Ltd.
Li Chun-Ching	MBA, Syracuse University (the U.S.) Bachelor in Public Finance, National Chengchi University	Vice president, E.SUN Securities, Co., Ltd. Assistant vice president, MasterLink Securities Corporation Senior analyst, Taiwan Ratings	Chairman, Acute Technology Inc. Independent Director, Asia Electronic Material Co., Ltd.

Four Audit Committee meetings (A) were held in the most recent year, and the attendance (presence) of Independence Directors is as follows:

Title	Name	Attendance in person (B)	Number of attendance by proxy	Attendance rate (%) (B/A) (Notes 1 and 2)	Remarks
Independent Director	Hsu Ke-Ying	4	0	100.00	
Independent Director	Yu Tsai-An	4	0	100.00	
Independent Director	Chu Nian-Tzi	4	0	100.00	
Independent Director	Li Chun-Ching	4	0	100.00	

Other matters to be recorded:

I. If any of the following circumstances occurs to the operations of the Audit Committee, the date of the Audit Committee meeting, session, content of proposals, opposing opinions or qualified opinions of Independent Directors, or the content of material recommendations, resolutions of the Audit Committee, and the Company's response to the opinions of the Audit Committee shall be specified.

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of the Board meeting	Content of proposal	Resolution result of the Audit Committee	The Company's response to the opinions
2023.2.23	Review and discussion of the 2022 business report, individual financial statements, and consolidated financial statements of the Company.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in 2022.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for the Company's "effectiveness evaluation for the internal control system" in 2022.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for the Company's 2022 earnings distribution.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for the independence evaluation and appointment of CPAs of the Company.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for establishment of general policies for non-assurance services from Ernst & Young and its affiliates.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for approval of the limit of loans to others provided by Kunshan Aplus Tec. Corporation, an investee of the Company.	Approved as proposed with no dissenting opinion	Not applicable
2023.5.8	Proposal for the change in CPAs for financial statements of the Company	Approved as proposed with no dissenting opinion	Not applicable
	Review and discussion of the Company's Q1 consolidated financial statements for 2023.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in Q1 2023.	Approved as proposed with no dissenting opinion	Not applicable
2023.8.7	Review and discussion of the Company's Q2 consolidated financial statements for 2023.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in Q2 2023.	Approved as proposed with no dissenting opinion	Not applicable
	Amendment to the internal control system and implementation details of the Company's "Information Processing Cycles Audit".	Approved as proposed with no dissenting opinion	Not applicable
2023.11.7	Review and discussion of the Company's Q3 consolidated financial statements for 2023.	Approved as proposed with no dissenting opinion	Not applicable
	Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in Q3 2023.	Approved as proposed with no dissenting opinion	Not applicable
2023.11.7	Approved the proposal for loans to others provided by Kunshan Aplus Tec. Corporation, an investee of the Company	Approved as proposed with no dissenting opinion	Not applicable

(II) Any other proposals not approved by the Audit Committee that were approved by two-thirds of all Directors other than the abovementioned matters: None.

II. For the execution status regarding the recusal of Independent Directors for proposals of conflict of interests, describe the name of the Independent Director, content of the proposals, reason for the recusal for conflict of interests, and voting status: None

III. Communication between the Independent Directors and chief auditor and CPAs (e.g., material matters, methods, and results of communication regarding the Company's financial and business status).

Summary of communication between Independent Directors and internal auditors:

Chief internal auditor's attendance and date of meetings	Item of communication	Results of the Company's response	Opinion and recommendation of Independent Directors
2023.02.23 Audit Committee	1. Internal audit operation from October 2022 to December 2022. 2. Assessment of the effectiveness of the internal control system in 2022. 3. The 2022 "Statement of the Internal Control System."	Reported to the Audit Committee and submitted to the Board for reporting.	None.
2023.05.08 Audit Committee	Internal audit performance from January to March 2023.	Reported to the Audit Committee and submitted to the Board for reporting.	None.
2023.08.07 Audit Committee	Internal audit performance from April to June 2023.	Reported to the Audit Committee and submitted to the Board for reporting.	None.
2023.11.07 Audit Committee	Internal audit performance from July to September 2023.	Reported to the Audit Committee and submitted to the Board for reporting.	None.

Summary of communication between Independent Directors and CPAs:

Meeting and date of presence of CPAs	Item of communication	Results of the Company's response	Opinion and recommendation of Independent Directors
2023.02.23 Audit Committee and Board of Directors	1. Appointment and independence and adequacy evaluation of CPAs for 2023. 2. Description of the 2023 individual and consolidated financial statements. 3. Proposal for the Company's "effectiveness evaluation for the internal control system" in 2022.	The CPAs presented at the Board meeting for reporting, discussion and communication with Independent Directors; after passing the review and discussion, the Board has approved the resolution.	None
2023.5.8 Audit Committee and Board of Directors	Review and discussion of the Company's Q1 consolidated financial statements for 2023.	The CPAs presented at the Board meeting for reporting, discussion and communication with Independent Directors; after passing the review and discussion, the Board has approved the resolution.	None
2022.08.07 Audit Committee and Board of Directors	1. Description of the Q2 consolidated financial statements for 2023.	The CPAs presented at the Board meeting for reporting, discussion and communication with Independent Directors; after passing the review and discussion, the Board has approved the resolution.	None

(III) Implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Board of the Company has resolved to establish the Corporate Governance Best Practice Principles on 8 March 2011; the Principles were prepared in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." The Principles were modified and disclosed on MOPS and the Company's website (www.aemg.com.tw) on 23 March 2020.	No material difference
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, concerns, disputes and litigations and implemented them in accordance with the procedures?	V		(I) The Company has a spokesperson system in place to receive shareholders' recommendations or clarify their concerns at all times; staff of all functions from relevant business management departments also spare no effort in gaining in-depth knowledge of shareholders' recommendations and concerns and carry out the examination.	No material difference
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		(II) The Company has engaged a professional stock affairs agency to be in charge of shareholders' affairs.	
(III) Has the Company established and implemented risk control and firewall mechanisms between its affiliates?	V		(III) Business transactions between the Company and affiliates are in compliance with the internal control system and relevant laws and regulations. We implement the necessary control system to prevent non-regular transactions.	
(IV) Has the Company established internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		(IV) Apart from complying with the requirements under the Securities and Exchange Act, employees, managers, and Directors of the Company shall also comply with the "Code of Ethical Conduct," "Procedures for Material Internal Information," and "Procedures for Ethical Management and Guidelines for Conduct," which state that relevant personnel	

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			shall not engage in insider trading by using undisclosed information it acknowledged or leak such information to others to prevent others from using such undisclosed information to engage in insider trading.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board formulated a diversification policy and substantial management target and made implementations?</p>	V		<p>1. The Company has stated the Board composition diversification policy in the “Corporate Governance Best Practice Principles.” Based on the scale of business development and the shareholding of major shareholders of the Company, taking into account the practical operating requirements, the Company has elected nine Directors (including four Independent Directors) through stringent selection and nomination procedures. Among the Directors, one is concurrently a manager, four are Independent Directors, one is female, and three are external Directors, which complies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Circumstances specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act do not exist. The backgrounds of Directors include industrial expertise, financial background, and the academic profession.</p> <p>2. Professional knowledge and skills: Industry-academia experience (finance, investment, information and electronics, material science), professional skills (law, accounting and finance, operations management, and risk management)</p> <p>3. Implementation of diversity of the board members: Please refer to pages 21 and 22 of the annual report</p>	No material difference
<p>(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, has the Company voluntarily set up other</p>	V		<p>(II) Apart from the Remuneration Committee and Audit Committee, the Company has its Sustainable Development Committee in place at present.</p>	

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
functional committees?				
(III) Has the Company established its Regulations for Performance Evaluation of the Board and the evaluation methods and conducted regular performance evaluations each year? Has the Company reported the results to the Board as the reference for individual Directors' remuneration and nomination for re-appointment?		V	(III) The Company has established its "Regulations for Performance Evaluation of the Board" on 5 February 2021; the self-evaluation for the performance of the Board for 2023 was completed on 27 February 2024, and the evaluation results (see Page 30) were reported at the Board meeting.	
(IV) Has the Company regularly evaluated the independence of CPAs?	V		(IV) The Company regularly evaluates the independence of CPAs with reference to the Audit Quality Indicators (AQIs) and reports the evaluation results to the Board of Directors. The Company has performed evaluations on different topics for 2023 on 27 February 2024, including whether the CPAs have material financial benefits with the Company; whether any of their relatives within the fourth degree of kinship is a Director, supervisor, or manager of the Company or holds positions having direct and material effects on the audit work; whether they have any borrowings or loans with the Company; and whether they are involved in the management function of the Company for establishing its decisions. The CPAs appointed have complied with the independence, and the Company has obtained the Statement of Independence issued by the CPAs. The abovementioned evaluation results were reported at the Board meeting held on 27 February 2024.	
IV. Has the Company allocated an appropriate number of qualified persons and appointed a chief of corporate governance in charge of corporate governance affairs	V		The Secretary Office of the Board is in charge of corporate governance-related affairs; the President is the convener, and the Office composes personnel assigned from the Financial Section and	No material difference

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
(including but not limited to furnishing information required for business execution by Directors and supervisors, assisting Directors and supervisors to comply with laws, handling matters relating to Board meetings and shareholders' meetings according to laws, and preparing minutes of Board meetings and shareholders' meetings)?			<p>Management Section; the major scope of duties is as follows:</p> <ol style="list-style-type: none"> 1. Discuss and formulate appropriate corporate systems and organization structure to facilitate the independence of the Board, the transparency and legal compliance of the Company, and the implementation of internal audit and internal control. 2. Inquire about Directors' opinions before the Board meeting to plan for and formulate the agenda and notify all Directors of attendance and provide sufficient meeting materials at least seven days before the meeting for the Directors to gain a better understanding of the content of relevant proposals. If the content of proposals is related to stakeholders, and recusals shall be made appropriately, provide advance notice to the counterparties. 3. Register the date of the shareholders' meeting within the prescribed period, prepare and declare the meeting notice, meeting handbook, and meeting minutes within the prescribed period, and perform alteration registration after any amendments to the Articles of the re-election of Directors or supervisors according to laws and regulations each year. 4. Except for performance evaluation (i.e., attendance) of individual Directors, perform internal performance evaluation of the overall operation each year. 	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a section for stakeholders on its corporate website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The Company has a stakeholder section on its website and has a spokesperson system in place to serve as the communication channel for external shareholders and stakeholders; the Company also has dedicated personnel and a mailbox in place to handle relevant issues. If stakeholders consider it necessary, they may communicate with Directors, supervisors, and relevant directors at any time.	No material difference

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
VI. Has the company appointed a professional stock affairs agency to handle matters for shareholder meetings?	V		The Company has engaged the Stock Affairs Department, Grand Fortune Securities Co., Ltd., for our shareholders' affairs.	No material difference
VII. Information disclosure				
(I) Has the Company set up a website to disclose finance and business, and corporate governance information?	V		(I) The Company has set up its website (http://www.aemg.com.tw/), and information on the finance, business, and corporate governance of the Company are disclosed on MOPS according to the requirements.	No material difference
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of the Company's information, implementing a spokesperson system, and posting the course of its investor conference on its website)?	V		(II) The Company has a spokesperson system in place and regularly announces relevant information about the Company on its corporate website and MOPS for shareholders, stakeholders, and the competent authority to gain knowledge on the overview of the Company at all times.	
(III) Has the Company published and declared its annual financial statements within two months from the end of the fiscal year and published and declared its Q1, Q2 and Q3 financial statements along with the monthly business performance statements before the prescribed deadline?	V		(III) The Company has published its 2022 financial report on 23 February 2023, and the quarterly reports and monthly operating statements are announced in advance within the prescribed period.	
VIII. Does the Company have other important information to facilitate a better understanding of the Company's implementation of corporate governance (including but not limited to employees' interest, employee care, investor relations, supplier relations, stakeholder rights, continuing education of Directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's	V		(I) The Company has established its Employee Benefits Committee to promote different subsidy activities and ensure the interest of employees. (II) Apart from protecting shareholders' interests, the Company also duly cares for employees' interests and implements relevant requirements under the Labor Standard Act. In the future, the Company will consider participating in education foundations or charities when opportunities arise. Meanwhile, the Company adheres to the principle of integrity for transactions with	No material difference

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
purchase of liability insurance for Directors and supervisors)?			<p>customers and suppliers.</p> <p>(III) To implement the corporate governance system, the Company actively forwards any information on corporate governance related to continuing education to the Directors and supervisors. There are a total of nine Directors/supervisors of the 7th session of the Company's Directors/supervisors; for details of the continuing education status of the Directors in 2023, please refer to the descriptions under the notes.</p> <p>(IV) The Company has established various internal rules and regulations and performed various risk management and evaluations.</p> <p>(V) In 2023, the Company purchased Director and supervisor liability insurance for all Directors and supervisors, and the coverage is US\$2 million. The coverage and rates were reported to the Board on 7 November 2023.</p>	
IX. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center.	V		<p>Improvement made by the Company based on the evaluation results</p> <ol style="list-style-type: none"> 1. We disclosed the association between the directors and managers' performance evaluation results and their remuneration in the annual report 2. The Company has disclosed its board diversity policy and implementation on pages 21 and 22 of the annual report and on the corporate website. 	No material difference

X. Directors of the Company have participated in relevant continuing education programs organized by different professional institutions in due course; the continuing education of the Directors in 2023 is as follows:

Title	Name	Organizer	Program	Number of hours	Total number of hours of the year
Chairman	Lee Chien-Hui	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Director	Lin Wei-Hung	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Director	Representative of Bo Chun Investment Co., Ltd.: Huang Song-Zhen	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Director	Chen Ching-Chi	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Director	Tsai Sen	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Independent Director	Yu Tsai-An	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Independent Director	Hsu Ke-Ying	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Independent Director	Li Chun-Ching	Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	6
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	
Independent Director	Chu Nien-Tzu	Stock Exchange	2023 Cathay Sustainable Banking and Climate Change Summit	3	12
		Taiwan Corporate Governance Association	Ethical Corporate Management Best Practice Principles and How to Avoid Crossing the Red Line for Director and Supervisor Responsibilities	3	
		Taiwan Institute for Sustainable Energy	6th Global Corporate Sustainability Forum 2-1	3	
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	

(IV) If the Company has established its Remuneration Committee, the composition, responsibilities, and operations of the Committee shall be disclosed:

1. Information on members of the Remuneration Committee

March 26, 2024

Criteria		Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Title (Note 1)	Name			
Independent Director (convener)	Hsu Ke-Ying	Ph.D. in Chemical Engineering, National Tsing Hua University Associate Professor, Department of Chemical Engineering, Chung Yuan Christian University Professor, Department of Chemical Engineering, Chung Yuan Christian University	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship (or in the name of others). 3. The person is not a Director, supervisor, or employee with a special relationship with the Company. 4. The person has not received any compensation for providing business, legal affairs, finance, or accounting services to the Company or its affiliates for the most recent two years.	None
Independent Director	Yu Tsai-An	Manager, ITRI MCL Vice president, Formosa Advanced Coating Technology Inc. Senior manager, Far Eastern New Century Corporation Chairman and president, IMAT Corporation	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship (or in the name of others). 3. The person is not a Director, supervisor, or employee with a special relationship with the Company. 4. The person has not received any compensation for providing business, legal affairs, finance, or accounting services to the Company or its affiliates for the most recent two years.	None
Independent Director	Chu Nien-Tzu	EMBA, National Central University CEO, International Industry-academia Alliance, Center for Academia and Industry Collaboration, National Central University Vice president, Department of Startup Business, DuPont Taiwan Independent director, LCY Technology Corp.	1. The person, spouse, or relatives within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates. 2. No share of the Company is held by the person, spouse, or relatives within the second degree of kinship (or in the name of others). 3. The person is not a Director, supervisor, or employee with a special relationship with the Company. 4. The person has not received any compensation for providing business, legal affairs, finance, or accounting services to the Company or its affiliates for the most recent two years.	None

Note 1: Please specify in the form the years of professional service, professional qualifications and experience, and independence of the members of the Remuneration Committee. If they are independent directors, please refer to “Information on directors and supervisors (1)” in Appendix 1 on pages 19-20. Please fill in “Independent director” or “Others” in the Title column (please indicate “Convener” if applicable).

Note 2: **Professional qualifications and experience:** Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: **Compliance with the independence:** Specify if members of the Remuneration Committee meet the criteria for independence, including but not limited to whether the individual and spouse or relatives within the second degree of kinship thereof are Directors, supervisors, or employees of the Company or its affiliates, the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or in the name of others) and percentage, whether the individual is a director, supervisor, or employee of a company with specific relations with the Company (refer to subparagraphs 5 to 8, paragraph 1, Article 6 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), and the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the most recent two years.

2. Information on the operation of the Remuneration Committee

- (1) There are three members in the Remuneration Committee of the Company.
- (2) Term of office of current members: Term of office of the current members: From 23 July 2021 to 24 May 2024. Two meetings (A) of the Remuneration Committee were held in the most recent year (2023), and the qualification and attendance of members are as follows:

Title	Name	Number of attendance (presence) in person (B)	Number of attendance by proxy	Attendance (presence) rate (%) (B/A)	Remarks
Convener Independent Director	Hsu Ke-Ying	2	0	100.00	
Independent Director	Yu Tsai-An	2	0	100.00	
Independent Director	Chu Nien-Tzu	2	0	100.00	

Other matters to be recorded:

- I. If the Board does not adopt or amend the recommendations from the Remuneration Committee, the date, session, content of proposals, resolution of the Board, and the Company's response to the recommendations of the Remuneration Committee shall be specified (if the remuneration approved by the Board is more favorable than the recommendation of the Remuneration Committee, the differences and reasons shall be specified): None.
- II. For any objections or qualified opinions raised by a member of the Remuneration Committee against a resolution with records or written statements, the date of the Remuneration Committee meeting, session, content of the proposals, opinions of all members, and the Company's response to the opinions of members shall be described: None.
- III. Proposals and resolution of Remuneration Committee meetings and the Company's response to the members' opinions in the most recent year:

Remuneration Committee	Content of proposal and resolution
4th meeting of the 5th session January 13, 2023	Proposal 1: Review and discussion of the proposal for the distribution of year-end bonuses of managers in 2022 Proposal 2: Review and discussion of the proposal for the distribution of the remuneration of employees for 2021 Proposal 3: Review and discussion of the proposal for salary adjustment for all employees (including managers) of the Company.
	Members' opinion: No opposing or qualified opinion Resolution: Unanimously approved by all attending members
5th meeting of the 5th session February 23, 2023	Proposal 1: Proposal for the distribution of remuneration of employees and Directors for 2022. Proposal 2: Review of the 2022 distribution of remuneration to directors Proposal 3: Review and discussion of the proposal for the distribution of the remuneration of employees for 2022.
	Members' opinion: No opposing or qualified opinion Resolution: Unanimously approved by all attending members

- Note: (1) If any member of the Remuneration Committee resigns before the end of the year, the resignation date shall be specified in the column of remarks, and the attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings and the number of attendance during its term of office.
- (2) If any member of the Remuneration Committee is re-elected before the end of the year, the new and former Remuneration Committee members shall be specified, and the status of former, newly elected, or re-appointed Directors/supervisors and the re-election date shall be specified in the column of remarks. The attendance rate (%) shall be calculated based on the number of Remuneration meetings and the number of attendance during its term of office.

(V) Implementation of promoting sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

1. Sustainable development

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. 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?	V		<ol style="list-style-type: none"> 1. The Company has established its Sustainable Development Committee subordinated to the Board. 2. Personnel assigned by the Management Section and the Finance Section of the Company are concurrently in charge of promoting matters related to sustainable development and reporting to the Board from time to time. 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle and formulated relevant risk management policies and strategies? (Note 2)	V		<ol style="list-style-type: none"> 1. The Company does not have a manufacturing center in Taiwan. The reinvested subsidiaries in Mainland China regularly review the risks of the entire plant to ensure compliance with relevant laws and regulations. 2. By referring to the requirements of "Classification of Employee Injury Accidents in Enterprises" (GB6441-1986) and "Classification and Codes of Dangerous and Harmful Factors in the Production Process" (GB/T13861-2009), safety risks existing in production technique, original and supplement materials, equipment and facilities, operating environment, personnel behavior and management system of the production and management process are comprehensively and systematically identified. 3. Based on the likelihood of safety incidents occurring in the course of production and operation and the severity of their consequences, safety risks are divided into four categories: major safety risk, greater safety risk, general safety risk, and low safety risk. 4. Formulate a safety risk identification and control system, clarify the division of responsibilities for graded 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			management and control, and the measures for reward and punishment under the responsibility system. Hierarchical management and control are implemented according to different safety risk levels, and safety risk management and control responsibilities are allocated to the enterprise, workshop, team, and position one by one. Based on the characteristics of safety risks, we formulate control measures one by one in terms of engineering technology, safety management, training and education, personal protection, and emergency response.	
<p>III. Environmental issues</p> <p>(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?</p>	V		<p>The Company does not have a manufacturing center in Taiwan , and the implementation status of the reinvested subsidiaries in Mainland China is as follows:</p> <ol style="list-style-type: none"> 1. Have dedicated departments and personnel in place for handling affairs related to air pollution control, water pollution control, and waste clearing in accordance with environmental protection laws and regulations. 2. The Company is a professional FCCL material manufacturer. Since its establishment, it has been committed to the improvement of products and environments in favor of sustainable operations of the Company. The Company has passed the certifications of ISO14001 (environmental management system), Kunshan: 2021/6/29-2024/7/2, Dongtai: 2023/1/6 - 2026/1/5 and QC080000 (hazardous substance process management system, Kunshan: 2022/7/2-2025/7/1, Dongtai: 2023/10/25 -2026/10/24). For risks related to the environment, environmental protection, employee safety, customers, and suppliers in the operating activities, the Company is able to effectively control and make responses in time. 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
<p>(II) Is the Company committed to improving energy efficiency and to the use of</p>	V		The Company is committed to the research of halogen-free and phosphorus-free products for environmental protection.	In compliance with the Sustainable Development Best Practice Principles

Promotion item		Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
		Yes	No	Brief description	
renewable materials with low environmental impact?					for TWSE/TPEX Listed Companies with no difference
(III)	Has the Company evaluated the potential risks and opportunities of climate change to the Company at present and in the future and taken relevant countermeasures?	V		<p>The Company does not have a manufacturing center in Taiwan , and the implementation status of the reinvested subsidiaries in Mainland China is as follows: The Company is a professional manufacturer of FCCL materials. Since its inception, the Company has been committed to improving the product environment for the Company's sustainable operation, and has formulated the "Risk and Opportunity Control Program" to systematically manage various risk factors, and establish contingency plans to ensure the effective implementation of the Company's business strategies in order to achieve business goals. The Company has passed the certifications of ISO14001 (environmental management system), Kunshan: 2021/6/29-2024/7/2, Dongtai: 2023/1/6 - 2026/1/5 and QC080000 (hazardous substance process management system, Kunshan: 2022/7/2-2025/7/1, Dongtai: 2023/10/25 -2026/10/24). For risks related to the environment, environmental protection, employee safety, customers, and suppliers in the operating activities, the Company is able to effectively control and make responses in time.</p> <ol style="list-style-type: none"> 1. Air pollutant processing: Dispose of waste gas generated from the production through active carbon disposal equipment and RTO to reduce the VOCs emission. Each year, the Company detects and controls the waste gas emission concentration to achieve emission of compliance; the Company reduces nitrogen emissions by adopting renovated designs of low-nitrogen combusting for the furnace. 2. Waste disposal: The Company controls the waste generation volume by establishing management targets each year and engages compliant contractors recognized by the Department of Environmental Protection for 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			making disposals in compliance with the laws each year.	
(IV) Has the Company made statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and formulated policies for GHG emissions reduction, water consumption reduction, or other waste management?	V		<p>The subsidiary in Mainland China invested by the Company has established an “Energy-saving and Carbon Dioxide Reduction Team” to regularly prepare statistics of water consumption and the total weight of waste and formulate relevant energy-saving targets each year; the implementation is as follows:</p> <p>1. The annual targets of the Emission and Waste Reduction Team of the Company are as follows:</p> <p>(1) Waste gas emission target:</p> <p>(a) To allow the emission volume to comply with the “Emission Standards of Air Pollutants” of Jiangsu, China,”</p> <p>(b) the management policy is as follows:</p> <ol style="list-style-type: none"> i. Pass the annual inspection of the pollutant discharge permission each year. ii. Set up pollutant discharge outlets according to the law. iii. Avoid the leakage of supplies or effectively collect and dispose of the leaked supplies. iv. All departments shall perform daily maintenance, repair, and record archiving for future reference regarding their production and environmental protection equipment and pipelines. v. Add RTO flammable gas monitoring and alerting system to carry out effective monitoring of the concentration of waste gas 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			<p>generated.</p> <p>(2) Sewage emission target:</p> <p>(a) PH value: 6-9</p> <p>(b) Suspended solids: 400mg/L</p> <p>(c) BOD5: 300mg/L</p> <p>(d) COD: 500mg/L</p> <p>(e) Animal/vegetable oil: 100mg/L</p> <p>(f) Ammonia nitrogen: 45mg/L</p> <p>(g) Total phosphorus: 8mg/L</p> <p>(h) Total nitrogen: 70mg/L</p> <p>(3) Noise emission target:</p> <p>(a) Daytime $\leq 65\text{dB}$</p> <p>(b) Nighttime $\leq 55\text{dB}$</p> <p>(4) Waste target:</p> <p>(a) According to the requirements under the “Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste,” the Company carries out the waste classification declaration for weight registration via the “Hazardous Waste Dynamic Management System of Jiangsu Province.” In general, our compliant contractors make disposals in compliance with the laws each month;</p> <p>(b) the management policy is as follows:</p> <p>i. Set up signs to identify hazardous waste.</p> <p>ii. Declare and register the volume of hazardous waste according to the national requirements.</p> <p>iii. Classify and separate the storage of different types of solid wastes and ban mixing hazardous waste with</p>	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			<p>non-hazardous waste for storage, transportation, or disposal.</p> <p>iv. All departments shall keep the account and records regarding the storage of the hazardous waste generated faithfully and perform storage according to the requirement.</p> <p>v. Complete the transfer form according to the national requirements.</p> <p>vi. Engage departments with compliant qualifications to dispose of hazardous waste.</p> <p>vii. Formulate hazardous waste accident prevention measures and emergency management plans.</p> <p>viii. Formulate hazardous waste management plans.</p> <p>ix. Establish a responsibility system for hazardous waste</p> <p>x. Organize training related to hazardous waste for relevant personnel of the Company.</p> <p>2. The Company introduced the greenhouse gas inventory system in 2023 to conduct an inventory of greenhouse gas emissions in 2022, and completed the verification of the third party organization in accordance with the ISO14064-1:2018 standard, and obtained the verification certificate. The relevant information is disclosed as follows:</p> <p>Kunshan: The total greenhouse gas emission in 2022 was 5418.38 t CO₂e.</p> <p>Dongtai: The total greenhouse gas emission in 2022 was 2,490.67 t CO₂e.</p>	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
<p>IV. Social issues</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations as well as the International Bill of Human Rights?</p>	V		<p>1. The Company protects employees' legal interests and appropriate retirement pensions according to labor regulations. The Company has established its Employee Benefits Committee to handle matters of benefits, such as company trips and birthday parties. The Company regularly convenes labor-capital conferences each quarter to establish a channel of mutual communication to understand the opinions of both parties, and in turn, achieve the status of general success.</p> <p>2. The Company has established its "Regulations for Reward and Punishment of Employees" and "Working Rules" and specified relevant reward and punishment systems.</p> <p>In addition, the implementation of the subsidiary in China is as follows: According to the labor regulations in China and with reference to the International Bill of Human Rights, the Company has established its "Procedures for Human Resources Control" and "Employee Handbook." Such documents are in line with labor regulations in terms of labor-capital rights and obligations and compliant with the basic regulations of international labor standards (i.e., freedom of association and group negotiation, prohibiting forced labor, and prohibiting child labor), and eliminate various forms of employment discrimination (i.e., gender, sexual orientation, race, age, marital status, religion, and political party) so as to ensure the appropriate management of the human resource utilization policy.</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
<p>(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation, and other</p>	V		<p>1. Employee benefits measures, continuing education, and training:</p> <p>Employee benefits measures of the Company include regular health exams, Chinese New Year gifts,</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
benefits) and appropriately reflected the business performance or results in employees' remuneration?			<p>company trips, birthday gifts, subsidies for marriage, funerals, and celebrations, performance bonuses, employee remuneration, labor insurance, health insurance, and group insurance; we also offer opportunities for employees to participate in various training, seminars, and continuing education so as to improve the horizons of employees and facilitate their work efficiency. The Company appropriates the remuneration of employees according to the Articles of Incorporation. When recording profits, the Company reflects its business performance and achievements in the remuneration of employees, bonuses subject to its policy, and employee remuneration.</p> <p>2. Realization of diversity and equality in the workplace: The Company upholds the principle of gender equality and equal pay for equal work, and there is no gender difference. In 2023, female employees of the Group accounted for 31%, and female employees at managerial level and above accounted for 37%.</p>	
(III) Does the Company provide employees with a safe and healthy working environment and regularly organize safety and health education for employees?	V		<p>The Company does not have a manufacturing center in Taiwan, and its implementation status is as follows:</p> <ol style="list-style-type: none"> 1. Has an access monitoring system in place. 2. Execute contracts with a security company to maintain the safety of the administrative office in a factory during nighttime and weekends. 3. Engage external parties to perform fire safety inspections each year according to the regulatory requirements. 4. Carry out regular maintenance and inspection of equipment in the working environment. Organize health inspections for employees according to the requirements of the Occupational Safety and Health Act. Smoking is banned at all business venues according to the requirements, and environmental cleaning and sanitizing 	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			<p>are performed regularly.</p> <p>5. There were no occupational hazard cases for employees in 2023 for the Company in Taiwan.</p> <p>The implementation of the Company's reinvestment in the subsidiaries in Mainland China is as follows:</p> <p>1. Establish a safety risk management and control list, and formulate and implement control measures, including engineering and technical measures, management measures, training and education measures, and personal protection measures.</p> <p>2. Medical examinations are conducted every July for employees involved in occupational hazard positions. Kunshan and Dongtai plants have completed occupational health examinations.</p> <p>3. In August each year, Kunshan and Dongtai plants conduct annual hazard testing for occupational disease hazard positions.</p> <p>4. There were no occupational hazard cases for employees in 2023 for the subsidiary in Taiwan.</p>	
(IV) Has the Company established an effective career development training program for employees?	V		<p>In response to the long-term development of the Company and the improvement in employee quality, the Company has established its Regulations for Educational Training and organized professional programs for different departments and training and license courses for knowledge required for work. Relevant courses cover new recruit orientation, core functions, management functions, and professional functions. Through diversified education and training channels, orientation training, on-the-job training, and various internal and external trainings are used to enhance employees' learning effectiveness. The total number of education and training hours for the Group's employees in 2023 was 4,142 hours.</p>	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
(V) Has the Company complied with	V		The Company is committed to the R&D of halogen-free and phosphorus-free products in the hope of aligning ourselves	In compliance with the Sustainable

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
relevant regulations and international standards with regard to customer health and safety, customer privacy, marketing, and labeling of products and services, and established relevant policies to protect the interests of consumers or customers and formulated complaint procedures?			with the requirements under RoHS and the standards under REACH of the EU; we also collect international protection regulations, and requirements of our major customers to grasp the latest control trends worldwide and of our customers to satisfy customers' requirements. Furthermore, the Company maintains favorable communication channels with customers and provides transparent and effective procedures for handling customer complaints regarding our products and services; we fully communicate with customers in time and understand customers' requirements to facilitate the effects of interactions with customers.	Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? What is the status of their implementation?	V		The Company has established relevant evaluation and management methods. Before establishing business relations with any supplier, the Company evaluates the legitimacy, ethical corporate management policy, and whether it has any record of unethical conduct, and obtains the cooperating commitments of the suppliers in terms of environmental protection, occupational safety and health, and labor human rights. The Company performs reviews and evaluations of suppliers in terms of environmental protection, occupational safety and health, or labor human rights and regularly carries out evaluations and consultation to ensure the suppliers are in compliance with regulations and the Company's requirements.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
V. Has the Company referred to international reporting standards or guidelines in its preparation of the sustainability report and other reports which disclose the Company's non-financial information? Has the Company obtained the assurance or certification of a certifying institution for the reports above?		V	According to the requirements, the Company is not required to prepare a sustainability report.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with no difference
VI. If the Company has established its own Sustainable Development Best Practice Principles based on the "Sustainable Development Best Practice Principles for				

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor	
	Yes	No	Brief description		
TWSE/TPEX Listed Companies,” please describe any differences from the Principles in the Company’s operations:					
No material difference					
VII. Other important information to facilitate a better understanding of the Company’s promotion of sustainable development:					
The Company is committed to the R&D of halogen-free and low-carbon materials for environmental protection. At present, all products of sale are halogen-free.					

Note 1: If “Yes” is chosen for the implementation, please describe the material policies, strategies, and measures adopted and the implementation; If “No” is chosen, please explain the reason and describe the plan to material policies, strategies, and measures.

Note 2: For Companies that have prepared their corporate social responsibility reports, they may mark the page for reference in the corporate social responsibility report for the implementation instead.

Note 3: The materiality principle refers to environmental, social, and corporate governance issues that have material impacts on the investors and other stakeholders of the Company.

2. Climate-related information

(1) Climate-related information implementation

17 Climate-related information implementation																					
Item	Implementation																				
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	1. As the supreme governance body of sustainable development, the Board has established the Sustainable Development Committee to review the risks and opportunities related to climate change on a regular basis.																				
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	<div>2. Companies need to identify potential climate risks, including the impact of extreme climate events on the company's business and assets, such as changes in policies, technological progress or market demand.</div> <table><tr><th>Term</th><th>Risks</th><th>Opportunity</th><th>Impacts</th><th>Countermeasures</th></tr><tr><td>Short-term</td><td>Production interruption</td><td>Dual-site production to reduce the impact of extreme climate in a single area</td><td>Disruption to the supply chain and the Company's operations</td><td>The management needs to formulate strategies to deal with climate change, such as upgrading the production process to reduce carbon emissions; from the financial perspective, the climate risk may lead to a decline in asset value, and higher insurance premiums need to be paid to cover climate-related risks.</td></tr><tr><td>Medium-term</td><td>Changes in market structure and consumer behavior</td><td>Development and promotion of green products</td><td>Decline in sales revenue of non-green or low-carbon products</td><td>The Company needs to review the Company's business model and value chain, and take into account possible climate changes, adjust products to meet market demand, invest in R&D and innovation projects, and develop low-carbon, recyclable products or services. For the financial aspects, planning for additional capital investment is needed.</td></tr><tr><td>Long-term</td><td>Cost of responding to carbon reduction policies and regulations</td><td>Use renewable energy and energy-saving equipment to improve energy efficiency</td><td>Additional cost of carbon reduction due to tightened regulations</td><td>Continue to monitor the trend of international carbon tax and carbon reduction laws and regulations</td></tr></table>	Term	Risks	Opportunity	Impacts	Countermeasures	Short-term	Production interruption	Dual-site production to reduce the impact of extreme climate in a single area	Disruption to the supply chain and the Company's operations	The management needs to formulate strategies to deal with climate change, such as upgrading the production process to reduce carbon emissions; from the financial perspective, the climate risk may lead to a decline in asset value, and higher insurance premiums need to be paid to cover climate-related risks.	Medium-term	Changes in market structure and consumer behavior	Development and promotion of green products	Decline in sales revenue of non-green or low-carbon products	The Company needs to review the Company's business model and value chain, and take into account possible climate changes, adjust products to meet market demand, invest in R&D and innovation projects, and develop low-carbon, recyclable products or services. For the financial aspects, planning for additional capital investment is needed.	Long-term	Cost of responding to carbon reduction policies and regulations	Use renewable energy and energy-saving equipment to improve energy efficiency	Additional cost of carbon reduction due to tightened regulations	Continue to monitor the trend of international carbon tax and carbon reduction laws and regulations
Term	Risks	Opportunity	Impacts	Countermeasures																	
Short-term	Production interruption	Dual-site production to reduce the impact of extreme climate in a single area	Disruption to the supply chain and the Company's operations	The management needs to formulate strategies to deal with climate change, such as upgrading the production process to reduce carbon emissions; from the financial perspective, the climate risk may lead to a decline in asset value, and higher insurance premiums need to be paid to cover climate-related risks.																	
Medium-term	Changes in market structure and consumer behavior	Development and promotion of green products	Decline in sales revenue of non-green or low-carbon products	The Company needs to review the Company's business model and value chain, and take into account possible climate changes, adjust products to meet market demand, invest in R&D and innovation projects, and develop low-carbon, recyclable products or services. For the financial aspects, planning for additional capital investment is needed.																	
Long-term	Cost of responding to carbon reduction policies and regulations	Use renewable energy and energy-saving equipment to improve energy efficiency	Additional cost of carbon reduction due to tightened regulations	Continue to monitor the trend of international carbon tax and carbon reduction laws and regulations																	

Item	Implementation
3. Describe the financial impact of extreme climate events and transformation actions.	3. Extreme climate events may have direct and indirect impacts on the Company's operations and finance. The direct impact includes production interruption, facility damage, supply chain interruption, etc., which will all lead to a decrease in the Company's profit. Indirect effects include increased insurance expenses, increased cost of capital, and decreased share price, which will all have a negative impact on the financial position. To cope with climate change, the Company will transform its energy and economic structure. This includes investing in renewable energy, improving energy efficiency, and developing low-carbon technologies. These transformation actions require a large amount of capital investment, but they also bring new business opportunities. By participating in these types of actions, we can also obtain new sources of income and improve financial performance.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. The identification, assessment and management of climate risks can be integrated into the overall risk management system through the following steps. <ul style="list-style-type: none"> i. Risk identification: Based on the characteristics of the Company's business, the risk identification of climate risks and opportunities is carried out every year. ii. Risk assessment: Work with the risk management department to integrate the overall risk assessment. iii. Risk management: Treat climate change as a strategic business risk and incorporate its identification, measurement and management into the Company's overall risk procedures. iv. Risk report: Use scenario analysis to evaluate the resilience in the face of climate change risks, and explain the scenarios, parameters, assumptions, analysis factors, and main financial impacts.
5. If using scenario analysis to evaluate the resilience in the face of climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and main financial impacts.	5. The Company has not used scenario analysis to evaluate the resilience in the face of climate change risks.
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	6. The Company currently does not have a clear transformation plan for responding to and managing climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	7. The Company has not yet used internal carbon pricing as a planning tool.

Item	Implementation
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs) needs to be stated.	8. The subsidiary in Mainland China invested by the Company has established an "Energy-saving and Carbon Dioxide Reduction Team" to regularly prepare statistics of water consumption and the total weight of waste and formulate relevant energy-saving targets each year. Please refer to pages 47-49 for related targets.
9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans	9. The Company has established the "Greenhouse Gas Information Control Program" and set up a greenhouse gas (referred to as "GHG") inventory task force to develop a GHG inventory and prepare a GHG inventory report. Based on the considerations of strategy, business, stakeholder needs, risks and opportunities, the greenhouse gas reduction target is set in accordance with the "Management Plan and Target Achievement Control Procedure", which is included in the daily statistical management of the Engineering Affairs Department. Please refer to (2) for the explanation on greenhouse gas inventory and assurance.

(2) GHG inventory and assurance in the last 2 years

a. Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NTD million), and data coverage for the most recent two years.								
Greenhouse gas emission statistics for the most recent two years								
Year	Plant area (Note)	Unit	Category 1	Category 2	Category 3	Total	Turnover (NTD million)	Emission intensity
2022	Subsidiary	Metric tons CO ₂ e	2,612.31	5,296.74	-	7,909.05	1,647.87	4.79
2023	Subsidiary	Metric tons CO ₂ e	2,428.75	6,341.93	336.6	9,107.27	1,548.51	5.88

Note: Including Kunshan Aplus and Dongtai Aplus

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

Note 2: The data coverage of direct emissions and indirect energy emissions shall be handled in accordance with the schedule specified in Article 10, Paragraph 2 of the guidelines. Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD million) shall be stated.

b. Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

Year	Plant area	Assurance range	Assurance institutions	Assurance criteria	Assurance opinion
2022	Kunshan	Category 1 Category 2	SGS	ISO 14064-1:2018	Based on the GHG emissions in this report, the following conclusions can be drawn: - Category 2 indirect emissions from the use of purchased electricity are the largest GHG emissions among indirect emissions. Therefore, the Company can take carbon reduction actions through the following channels: - Control the efficiency of electricity use and save electricity.
	Dongtai	Category 1 Category 2	SGS	ISO 14064-1:2018	Based on the GHG emissions in this report, the following conclusions can be drawn: - Category 2 indirect emissions from the use of purchased electricity are the largest GHG emissions among indirect emissions. Therefore, the Company can take carbon reduction actions through the following channels: - Control the efficiency of electricity use and save electricity.
2023	Kunshan	Category 1 Category 2 Category 3	TUV (TUV Rheinland (Guangdong) Ltd.)	ISO 14064-1:2018	<ol style="list-style-type: none"> 1. Currently, purchased electricity and natural gas combustion account for 57% and 23% of the most significant carbon emissions, respectively. It is recommended that factories conduct energy audits, improve energy efficiency, and modernize to reduce energy consumption per unit of product. 2. Currently, Kunshan Aplus has adopted solar PV. It is recommended to promote distributed solar PV. The investment can be made by itself or through BOT. The electricity generated can be used by itself and the remainder can be connected to the internet. 3. At present, Kunshan Aplus does not purchase green power. It is recommended to purchase green power directly or purchase green certificates. The direct purchase of green power can be traded through the provincial electric power trading centers. The direct transaction of green power in Jiangsu Province has been carried out on a regular basis, and the purchase of REC can be made for those issued in China or overseas, such as, GEC (China's REC), I-Rec (International Green Certificate issued by a Dutch registration authority).

2023	Dongtai	Category 1 Category 2 Category 3	TUV (TUV Rheinland (Guangdong) Ltd.)	ISO 14064-1:2018	<p>1. Currently, purchased electricity and natural gas combustion account for 48% and 27% of the most significant carbon emissions, respectively. It is recommended that factories conduct energy audits, improve energy efficiency, and modernize to reduce energy consumption per unit of product.</p> <p>2. Currently, Dongtai Aplus has adopted solar PV. It is recommended to promote distributed solar PV. The investment can be made by itself or through BOT. The electricity generated can be used by itself and the remainder can be connected to the internet.</p> <p>3. At present, Dongtai Aplus does not purchase green power. It is recommended to purchase green power directly or purchase green certificates. The direct purchase of green power can be traded through the provincial electric power trading centers. The direct transaction of green power in Jiangsu Province has been carried out on a regular basis, and the purchase of REC can be made for those issued in China or overseas, such as, GEC (China's REC), I-Rec (International Green Certificate issued by a Dutch registration authority).</p>
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Note 1: The process shall be conducted in accordance with the schedule specified in Article 10, paragraph 2 of the guidelines. If the company has not obtained the full assurance opinion of greenhouse gas by the date of publication of the annual report, it is necessary to indicate "full assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it should be noted that "complete assurance information will be disclosed on the Market Observation Post System" and complete assurance information must be disclosed in the next annual report.

Note 2: The assurance institutions shall comply with the relevant requirements of Taiwan Stock Exchange Corporation and the Taipei Exchange of the Republic of China on the relevant regulations for the assurance institutions for sustainability reports.

Note 3: Please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the disclosure content.

(3) GHG Reduction Targets, Strategies and Specific Action Plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

In response to the "Paris Agreement" goal of controlling the global temperature increase within 2°C (1.5°C, if possible), the Company has formulated the following greenhouse gas reduction targets:

Peak carbon by 2030, carbon neutrality by 2040, and net zero emissions by 2050

Striving to achieve the emission reduction target, the Company continues to invest in various energy-saving measures, which are detailed as follows:

1. Asia Power Group's photovoltaic power generation:

Projects	Company	Photovoltaic power consumption (10,000 kwh)	Carbon reduction (metric tons CO2e)	Remarks
Photovoltaic power generation	Kunshan Aplus	32.93	187.79	data between 2022.9 - 2023.12
	Dongtai Aplus	143.02	815.56	

Note: Source of data on converted carbon reduction: verification unit of partners

2. Other energy-saving projects:		
Company	Projects	Energy saving and efficiency
Kunshan Aplus	Replacing oil with natural gas	In 2015, the boiler fuel was changed from heavy oil to natural gas to reduce exhaust gas emissions and environmental pollution.
	Introduced steam	Introduce energy steam in 2018 to reduce electricity consumption.
	Condensed Water Recovery	9,000 tons of condensed water recycled and reused.
	Boiler low nitrogen retrofit	Reduce nitrogen oxides emissions by about 1 ton (0.5 ton/year) from 2022 to 2023.
	Air compressor heat recovery	Air compressor heat recovery in 2023 reduced diesel fuel by 7.89 tons and CO2e by 23.6 tons.

Note 1: It shall be processed in accordance with the schedule prescribed in Article 10, paragraph 2 of the guidelines.

Note 2: The base year should be the year that the inspection is completed based on the boundaries of the consolidated financial statements. For example, pursuant to Article 10, Paragraph 2 of the Guidelines, companies with capital over NTD 10 billion should complete the 2024 consolidated financial statements in 2025. Therefore, the base year is 2024. If the Company has completed the carbon inventory of the consolidated financial statements ahead of schedule, the earlier year can be used as the base year, and the data of the base year can be calculated by a single year or the average of several years.

Note 3: Please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for the disclosure content.

(VI) Implementation of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Brief description	
I. Formulation of ethical corporate management policies and plans				
(I) Does the Company have an ethical corporate management policy approved by its Board, and rules and publicly available documents addressing its policy and measures of ethical corporate management, and commitment regarding active implementation of such policy from the Board and the senior management?	V		(I) To healthily develop the Company's business philosophy of incorruptibility, transparency, and responsibility based on ethics and integrity, the Board has approved and established the "Ethical Corporate Management Best Practice Principles," stating ethical corporate management policies and plans, to establish a favorable business operating model and creates the corporate culture of ethical corporate management. We hope and require that our members, including the Board and the senior management, will actively implement the policies of ethical corporate management. For details of the Principles, please refer to the website of the Company (http://www.aemg.com.tw) and MOPS.	No material difference
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The "Asia Electronic Material Co., Ltd. Sustainable Development Best-Practice Principles" discloses anti-bribery and corruption, and avoidance of unfair competition.	
(III) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	V		(III) The "Asia Electronic Material Co., Ltd. Code of Ethical Conduct" and "Asia Electronic Material Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct" have explicitly prohibited the provision or acceptance of bribery, provision of illegal political donations, provision or acceptance	

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Brief description	
			<p>of unjust benefits, unjust transactions with third parties, violation of confidentiality, transactions violating the Fair Trade Act, and unauthorized disclosure of material insider information, and have stated that the charitable donations or sponsorships shall comply with the requirements under Article 10 "Procedures for charitable donations or sponsorships" of the "Asia Electronic Material Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct."</p> <p>(IV) The Company shall establish a risk assessment mechanism to prevent unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly.</p> <p>(V) The Company has clearly defined operating procedures, guidelines, punishment for violations and a complaint system in the program to prevent dishonest conduct. For details, please refer to the Company's website (http://www.aemg.com.tw);</p> <p>(VI) The "Asia Electronic Material Co., Ltd. Code of Ethical Conduct" is a standard operating procedures and guidelines regulating the ethical behavior of all stakeholders of the Company, and to serve as a commitment to the implementation of ethical corporate management policy.</p> <p>(VII) The "Regulations Governing the Whistle-blowing System" for employees and relevant whistle-blowers to report any behavior that is illegal or in violating of the Code of Conduct or Ethical Corporate Management Best Practice Principles, in order to ensure the legitimate rights and interests of the whistle-blower and related parties.</p>	

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Brief description	
			(VIII) Disciplinary measures for violation of the "Employee Rewards and Punishments Regulations".	
II. Implementation of ethical corporate management				
(I) Does the Company assess the ethics records of whom it has business relationships and include business conduct and ethics-related clauses in the business contracts?	V		(I) The "Asia Electronic Material Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct" stipulate that the Company shall evaluate the legitimacy, ethical corporate management policy, and whether a supplier has any record of unethical conduct before establishing business relations with others to ensure the fair and transparent business operations of the supplier and that it will not require, provide, or accept bribery.	No material difference
(II) Has the Company set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?	V		(II) In the "Asia Electronic Material Co., Ltd. Corporate Social Responsibility Declaration", it expressly states that the supply chain of the Company (and its affiliated companies) complies with local regulatory requirements in terms of labor rights, health and safety, environment, ethics, and management systems. Based on the principle of due diligence, the Company's supply chain is required to comply with relevant regulations in order to establish a sustainable supply chain management mechanism.	
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	V		(III) To optimize our ethical corporate management, the Management Department is responsible for the formulation and promotion of the ethical corporate management policies, the Audit Department is responsible for monitoring the execution, and it reports once a year to the Board regarding the ethical corporate management policies, unethical conduct preventive plans, and monitoring status of implementation. It has reported to the Board regarding the ethical corporate management status	

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Brief description	
(IV) Has the Company established effective accounting and internal control systems in place for the implementation of ethical corporate management? Has the internal audit department formulated relevant audit plans based on the assessment results of unethical conduct risk to perform audits on compliance with the unethical conduct prevention program or engage CPAs to perform such audits?	V		of the Company in 2023 on 27 February 2024. (IV) A mailbox for whistleblowing has been set up on the Company's website (http://www.aemg.com.tw).	
(V) Does the Company provide internal and external educational training in ethical corporate management on a regular basis?	V		(V) The Company has established the “regulations for Whistleblowing System,” which specifies the processing and handling procedures for reports of illegal conduct. (VI) The financial report of the Company is prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs, IAS, interpretations, and interpretative bulletins recognized by the FSC. The Company determines the effectiveness of the design and implementation of its internal control system based on the determination of effectiveness under the Regulations Governing Establishment of Internal Control Systems by Public Companies. The internal audit department adopts relevant measures based on the materiality of the evaluation results of unethical conduct risks, such as formulating relevant audit plans. The content of an audit plan shall include the audit target, scope, item, and frequency, and compliance with the preventive plan shall be audited accordingly. The Company may engage CPAs to perform the audit, and experts may be engaged for assistance when necessary. (VII) When organizing onboarding and training for employees, the	

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Brief description	
			Company arranges dedicated personnel or directors to provide lectures on employees' occupational ethics, ethical principles, and relevant internal and external regulatory requirements. The Company forwards the content of handouts from employees participating in relevant training to insiders for promotion.	
III. Implementation of the Company's whistleblowing system (I) Does the Company establish specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and designate responsible individuals to handle the complaints received? (II) Has the Company established its standard operating procedures for investigating the complaints received, subsequent measures to be adopted, and the related confidentiality system after the investigation? (III) Has the Company adopted proper measures to protect whistleblowers from inappropriate disposals due to whistleblowing?	V		The Company has established its Regulations for Whistleblowing System and rewards, set up appropriate whistleblowing channels, kept the identity of whistleblowers and the reported content confidential, and provided rewards, accordingly. The Company has established operating procedures for accepting whistleblowing cases, and relevant confidentiality systems are adopted after the completion of investigations. The Company protects whistleblowers from unjust treatment or threats.	No material difference
IV. Enhance information disclosure (I) Has the Company disclosed the content and implementation results of its Ethical Corporate Management Best Practice Principles on its website and MOPS?	V		The Company's "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Procedures for Ethical Management and Guidelines for Conduct," and "Corporate Social Responsibility Declaration" are published on the Company's website (http://www.aemg.com.tw) for employees to access at all times. In addition, the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" are published on MOPS.	No material difference
V. If the Company has adopted its own Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe any differences from the principles in the Company's operations: Institutions subordinated to the Company engage in business activities based on the principles of fairness, honesty, credibility, and transparency. To implement our ethical corporate management policies and actively prevent unethical conduct, the Company has established the Principles according to the "Ethical Corporate Management Best				

Evaluation item	Implementation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for the differences
	Yes	No	Brief description	
Practice Principles for TWSE/TPEX Listed Companies” to specify matters of notice for staff of the Company when executing businesses.				
VI. Other important information to facilitate a better understanding of the Company’s implementation of ethical corporate management (i.e., the examination and modification to the Ethical Corporate Management Best Practice Principles established by the Company): (I) The Company adheres to ethical corporate management in terms of business transactions of companies we engage in business with and promotes to such companies our determination of ethical corporate management. (II) The Company has established its “Procedures for Ethical Management and Guidelines for Conduct” on 20 March 2020.				

- (VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.
At present, the Company has established its “Articles of Incorporation,” “Rules of Procedure for Shareholders’ Meetings,” “Rules of Procedure for Board Meetings,” “Regulations for Election of Directors,” “Remuneration Committee Charter,” “Procedures for the Acquisition and Disposal of Assets,” “Procedures for Loans to Others and Endorsements and Guarantees,” “Procedures for Material Internal Information,” “Corporate Governance Best Practice Principles,” “Corporate Social Responsibility Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” and “Code of Ethical Conduct”, which can be accessed on the website of the Company at <http://www.aemg.com.tw> or MOPS or in the annual report.
- (VIII) Other important information to facilitate a better understanding of the Company’s implementation of corporate governance shall also be disclosed:
1. Apart from making disclosures on the corporate governance section of MOPS, does the Company disclose real-time information related to corporate governance to investors based on the materiality: None.
- (IX) Implementation of the internal control system
1. Statement of Internal Control: Please refer to page 130.
2. For those who appointed CPAs to review the internal control system, the CPAs’ review report shall be disclosed: None.
- (X) If there has been any legal penalty imposed against the Company or its internal personnel, or any disciplinary penalty imposed by the Company against its internal personnel for violation of the requirements under its internal control system, during the most recent year and up to the publication date of the annual report, specify the penalty, the main shortcomings, and condition of improvement: None.
- (XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Material resolution of the shareholders’ meeting

Shareholders’ Meeting	Meeting date	Material resolution	Implementation
Annual Shareholders’ Meeting	2023.05.24	1.Approved and ratified the 2022 business report and financial statements.	Completed
		2.Resolved to approve and ratify the proposal for earning distribution for 2022.	The distribution was completed on 1 July 2023

2. Material resolution of the Board meeting

Board of Directors	Contents of proposal and subsequent actions taken	Resolution results
2023.01.13	1. Proposal for reviewing and discussing the 2023 budgets of the Company, Kunshan Aplus Tec. Corporation, and Aplus Tec. Corporation (Dongtai), subsidiaries invested by the Company.	Approved by all attending Directors (During the procedures: Director Lee Chien-Hui was a stakeholder of the proposal; he voluntarily recused himself from the discussion and resolution). Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
	2. Review and discussion of the proposal for the distribution of year-end bonuses of managers in 2022.	
	3. Review and discussion of the proposal for the distribution of employee remuneration of managers in 2021.	
	4. Review and discussion of the proposal for salary adjustment for all employees (including managers) of the Company.	
2023.02.23	1. Proposal for the application of bank credit loan limits	Approved by all attending Directors (During the procedures: Director Lee Chien-Hui was a stakeholder of the proposal; he voluntarily recused himself from the discussion and resolution). Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
	2. Proposal for the distribution of remuneration of employees and Directors for 2022.	
	3. Review and discussion of the 2022 business report, individual financial statements, and consolidated financial statements of the Company.	
	4. Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in 2022.	
	5. Proposal for the issuance of the 2022 "Statement of the Internal Control System."	
	6. Proposal for the Company's 2022 earnings distribution.	
	7. Proposal for the distribution of the remuneration of directors and the employee remuneration of managers in 2022.	
	8. Proposal for the independence evaluation and appointment of CPAs of the Company.	
	9. Proposal for establishment of general policies for non-assurance services from Ernst & Young and its affiliates.	
	10. Proposal for deciding the convening date, time, venue, and content of proposals of the Company's 2023 annual shareholders' meeting and matters related to the proposals of shareholders.	
	11. Proposal for deciding the convening date, time, venue, and content of proposals of the Company's 2023 annual shareholders' meeting and matters related to the proposals of shareholders.	
2023.5.8	1. Proposal for the application of bank credit loan limits.	Approved by all attending Directors as proposed with no dissenting opinion Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
	2. Proposal for the change in CPAs for financial statements of the Company	
	2. Review and discussion of the Company's Q1 consolidated financial statements for 2023.	
	3. Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in Q1 2023.	
2023.5.24	1. Proposal for the application of bank credit loan limits	Approved by all attending Directors as proposed with no dissenting opinion Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
	2. Proposal to appoint a corporate governance officer.	
	3. Amendments to the Company's "Corporate Governance Best Practice Principles" and "Standard Operating Procedures for Handling Requests from Directors"	
2023.8.8	1. Proposal for the application of bank credit loan limits	Approved by all attending Directors as proposed with no dissenting opinion Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
	2. Review and discussion of the Company's Q2 consolidated financial statements for 2023.	
	3. Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in Q2 2023.	
	4. Amendment to the internal control system and implementation details of the Company's "Information Processing Cycles Audit".	
2023.11.7	1. Review and discussion of the Company's Q3 consolidated financial statements for 2023.	Approved by all attending Directors as proposed with no dissenting opinion Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
	2. Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in Q3 2023.	
	3. Proposal for establishment of the 2024 audit plans of the Company, Kunshan Aplus Tec. Corporation, and Aplus Tec. Corporation (Dongtai), subsidiaries invested by the Company.	
	4. Proposal to appoint a information security officer.	
	5. Proposal for approval of the limit of loans to others provided by Kunshan Aplus Tec. Corporation, an investee of the Company.	

Board of Directors	Contents of proposal and subsequent actions taken	Resolution results
	6. Proposal for the amendment to the Company's "Procedures for Material Internal Information and Prevention of Insider Transaction."	
2024.2.2	1. Proposal for reviewing and discussing the 2024 budgets of the Company, Kunshan Aplus Tec. Corporation, and Aplus Tec. Corporation (Dongtai), subsidiaries invested by the Company.	Approved by all attending Directors (During the procedures: Director Lee Chien-Hui was a stakeholder of the proposal; he voluntarily recused himself from the discussion and resolution).
	2. Review and discussion of the proposal for the distribution of year-end bonuses of managers in 2023.	Independent Director Yu Tsai-An: For Independent Director Hsu Ke-Ying: Against
	3. Review and discussion of the proposal for the distribution of employee remuneration of managers in 2022.	Independent Director Chu Nien-Tzu: For Independent Director Li Chun-Ching: For
2024.2.27	1. Proposal for the application of bank credit loan limits	Approved by all attending Directors (During the procedures: Director Lee Chien-Hui was a stakeholder of the proposal; he voluntarily recused himself from the discussion and resolution).
	2. Proposal for the distribution of remuneration of employees and Directors for 2023.	
	3. Review and discussion of the 2023 business report, individual financial statements, and consolidated financial statements of the Company.	
	4. Proposal for loans to others and endorsement/guarantee provided to subsidiaries of the Company in 2023.	
	5. Proposal for the issuance of the 2023 "Statement of the Internal Control System."	
	6. Proposal for the Company's 2023 earnings distribution.	
	7. Proposal for the comprehensive re-election of the Company's Directors.	
	8. Proposal for the nomination of the list of Director (including Independent Director) candidates for the Company's 2024 annual shareholders' meeting.	
	9. Proposal for establishment of general policies for non-assurance services from Ernst & Young and its affiliates, lifting of non-compete restrictions on the newly-elected directors of the Company.	
	10. Proposal for the distribution of the remuneration of directors and the employee remuneration of managers in 2023.	
	11. Proposal for the independence evaluation and appointment of CPAs of the Company.	
	12. Re-confirmation of the Company's "General Policies for Pre-approved Non-assurance Services".	
	13. Proposal for deciding the convening date, time, venue, and content of proposals of the Company's 2024 annual shareholders' meeting and matters related to the proposals of shareholders.	

(XII) During the most recent year and up to the publication date of the annual report, where a Director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board, and the said dissenting opinion with records or written statements, disclose the principal content thereof: None.

(XIII) Information on personnel related to the Company's finance and business

1. A summary of resignations and dismissals of the Company's Chairman, President, chief accountant, chief financial officer, chief internal auditor, chief of corporate governance, and chief of research and development during the most recent year and up to the publication date of the annual report: None

IV. Information on CPA fees

Unit: NT\$000'

Name of CPA's firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young	Chen Kuo-Shuai	2023.01.01 - 2023.12.31	4,532	0	4,532	
	Cheng-Wei Lin					

- (I) When the non-audit fees paid to CPAs, the CPA's firm, and its affiliates are more than one-fourth of the audit fees, the amount of the audit fees and non-audit fees, as well as the content of non-audit services, shall be disclosed: In 2023, there were no non-audit fee payments to the CPA's firm.
- (II) When the Company changes its CPA's firm and the audit fees paid for the year in which such change took place are lower than those for the preceding year, the amount of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.
- (III) When the audit fees paid for the current year are lower than those for the preceding year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reasons shall be disclosed: Not applicable.

V. Information on replacement of CPAs

Name of CPA's firm	Name of CPA		Audit period	Remarks
Ernst & Young	Mars Hong	Cheng-Wei Lin	Cover the entire fiscal year (2023.1.1 - 2023.12.31)	Internal duty adjustment of the CPA's firm

- VI. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the CPA's firm of its CPAs or at an affiliate of the CPA's firm in the most recent year**
None.

VII. Transfer of equity and changes in equity pledges of Directors, managers, and shareholders with a shareholding of 10% and above in the most recent year and up to the date of publication of the annual report

- (1) Changes in equity

Unit: share

Title	Name	2023		2024, as of 26 March	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman (President, concurrently)	Li Jian-Hui	0	(905,000)	0	0
Director	Bo Chun Investment Co., Ltd.	0	0	0	0
Corporate representative of Director	Representative of Bo Chun Investment Co., Ltd.: Huang Song-Zhen	0	0	0	0
Director	Tsai Sen	0	0	0	0
Director	Chen Ching-Chi	0	0	0	0
Director	Lin Wei-Hung	0	0	0	0
Independent Director	Yu Tsai-An	0	0	0	0
Independent Director	Hsu Ke-Ying	0	0	0	0
Independent Director	Chu Nien-Tzu	0	0	0	0
Independent Director	Li Chun-Ching	0	0	0	0
Vice President	Hsu Ming-Hua	75,000	0	0	50,000
Special assistant of the Chairman	Tseng Chi-Min	65,000	0	0	0
Assistant Vice President	Wang Chien-Chao	0	0	0	0
Assistant Vice President	Lin Chih-Ming	0	0	0	0
Chief of Finance and	Cheng Wan-Yu	0	0	0	0

Title	Name	2023		2024, as of 26 March	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Accounting					

(2) Information on equity transfer: Directors, supervisors, managers, and major shareholders have not performed any equity transfer to related parties.

(3) Information on equity pledges

Name	Reason for changes in pledge	Date of change	Transaction counterparty	Relationship between transaction counterparty and Directors, supervisors, managers, and shareholders with a shareholding of 10% and above	Number of shares	Shareholding	Pledge ratio	Loans on pledge
Lee Chien-Hui	Pledge cancelation	2023.01	First Commercial Bank	None	1,905,000	4.84%	42.10%	20,000,000
Hsu Ming-Hua	Pledge creation	2024.03	Cathay United Bank	None	300,000	0.63%	48.77%	2,500,000
Hsu Ming-Hua	Pledge cancelation	2024.03	Cathay United Bank	None	250,000	0.63%	40.64%	2,500,000

VIII. Data on relationships between shareholders with the top 10 shareholdings

March 26, 2024; Unit: Share/%

Name	Shares held in own name		Shares held by spouse and minors		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within the second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Name (or full name)	Relationship	
E INK HOLDINGS INC.	9,765,000	9.94	-	-	-	-	None	None	None
E INK HOLDINGS INC. Representative: Li Cheng-Hao	0	0	0	0	0	0	None	None	None
Sheng Bo Investment Co., Ltd.	4,853,800	4.94	0	0	0	0	None	None	None
Sheng Bo Investment Co., Ltd. Representative: Lee Chien-Hui	4,751,153	4.84	8,219	0.01	0	0	Lee Chien-Hui	The responsible person	None
Lee Chien-Hui	4,751,153	4.84	8,219	0.01	4,853,800	4.94	Bo Chun Investment Co., Ltd.	The representative is a relative within the second degree of kinship	None
							Li Kuang-Nan	Relative within the first degree of kinship	
							Sheng Bo Investment Co., Ltd.	The representative is the shareholder itself	
Bo Chun Investment Co., Ltd.	2,860,080	2.91	0	0	0	0	None	None	None
Bo Chun Investment Co., Ltd. Representative: Huang Tsung-Ta	738,154	0.75	0	0	0	0	Lee Chien-Hui	A relative within the second degree of kinship of the representative	None
Li Kuang-Nan	1,054,433	1.07	0	0	0	0	Lee Chien-Hui	A relative within the first degree of kinship of the representative	None
Ji Jian Duan Investment Co., Ltd.	1,002,953	1.02	0	0	0	0	None	None	None
Ji Jian Duan Investment Co., Ltd. Representative: Tsai Wen-Hua	722,879	0.74	0	0	0	0	None	None	None
Huang Li-Chiang	812,000	0.83					None	None	None
Wang, Chih-Cheng	741,000	0.75	0	0	0	0	None	None	None
Huang Tsung-Ta	738,154	0.75	0	0	0	0	Lee Chien-Hui	A relative within the second degree of kinship of the representative	None
Tsai Wen-Hua	722,879	0.74	0	0	0	0	None	None	None

IX. The total number of shares and the consolidated shareholding held in any single investee by the Company, its Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company

Consolidated shareholding

Unit: 1,000 shares; 26 March 2023

Investee	Investments of the Company		Investment of Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Consolidated investments	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
Asia Electronic Material Holding (Samoa) Co., Ltd.	18,265	100.00%	0	0%	18,265	100.00%
Besttrade Co., Ltd.	2,950	100.00%	0	0%	2,950	100.00%
Ammon Tec. Investment Corp.(Note)	18,260	100.00%	0	0%	18,260	100.00%
Kunshan Aplus Tec. Corporation (Note)	0	100.00%	0	0%	0	100.00%
Aplus Tec. Corporation (Dongtai) (Note)	0	100.00%	0	0%	0	100.00%

Note: Companies indirectly invested via a third country

Four. Fund Raising Status

I. Capital and shares

(I) Source of share capital

1. Changes in share capital as of the publication date of the annual report Unit: NT\$000'/1,000 shares

Year/month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2003/7	10	100	1,000	100	1,000	Capital increase in cash		Fu-Jian-Shang-Zi No.09212504110 dated 7 July 2003
2003/8	10	12,000	120,000	3,549	35,490	Capital increase in cash 34,490		Fu-Jian-Shang-Zi No.09213942800 dated 5 August 2003
2003/10	10	22,000	220,000	15,070	150,700	Capital increase in cash 65,210	Using technologies for settling share payments 50,000	Fu-Jian-Shang-Zi No.09222390300 dated 8 October 2003
2003/12	10	22,000	220,000	22,000	220,000	Capital increase in cash 69,300		Fu-Jian-Shang-Zi No.09226687500 dated 11 December 2003
2004/2	10	38,000	380,000	28,500	285,000	Capital increase in cash 65,000		Fu-Jian-Shang-Zi No.09301171000 dated 12 December 2004
2004/5	20	50,000	500,000	32,500	325,000	Capital increase in cash 40,000		Fu-Jian-Shang-Zi No.09310804200 3 May 2004
2004/6	25	50,000	500,000	36,075	360,750	Capital increase in cash 35,750		Fu-Jian-Shang-Zi No.09312384500 17 June 2004
2005/9	15	50,000	500,000	41,000	410,000	Capital increase in cash 49,250		Fu-Jian-Shang-Zi No.09417850200 8 September 2005
2006/5	16	50,000	500,000	44,000	440,000	Capital increase in cash 30,000		Fu-Jian-Shang-Zi No.09575970310 5 May 2006
2006/12	16	50,000	500,000	50,000	500,000	Capital increase in cash 60,000		Jing-Shou-Shang-Zi No.09501274400 dated 12 December 2006
2007/10	18	70,000	700,000	53,000	530,000	Capital increase in cash 30,000		Jing-Shou-Shang-Zi No.09601248230 dated 12 October 2007
2008/7	10	70,000	700,000	54,500	545,000	Capital increase from earnings 15,000		Jing-Shou-Shang-Zi No.09701182700 dated 24 July 2008
2010/9	10	100,000	1,000,000	58,079	580,790	Capital increase from earnings 35,790		Jing-Shou-Shang-Zi No.09901206220 dated 14 September 2010
2011/7	10	100,000	1,000,000	65,226	652,259	Capital increase from earnings 71,469		Jing-Shou-Shang-Zi No.10001165840 dated 25 July 2011
2011/9	17.1	100,000	1,000,000	71,926	719,259	Capital increase in cash 67,000		Jing-Shou-Shang-Zi No.10001223690 dated 26 September 2011
2012/7	10	150,000	1,500,000	84,009	840,095	Capital increase from earnings 120,836		Jing-Shou-Shang-Zi No.10101127570 dated 12 July 2012
2013/1	17.76	150,000	1,500,000	84,020	840,204	Employee stock warrants 194		Jing-Shou-Shang-Zi No.10201005150 dated 10 January 2013
2013/8	10	150,000	1,500,000	86,961	869,611	Capital increase from earnings 2,941		Jing-Shou-Shang-Zi No.10201178120 dated 29 August 2013
2014/8	10	150,000	1,500,000	89,569	895,699	Capital increase from earnings 2,608		Jing-Shou-Shang-Zi No.10301161800 dated 5 August 2014
2014/11	10	150,000	1,500,000	97,321	973,219	Employee stock warrants 190.6 Conversion of corporate bonds 7,074.5		Jing-Shou-Shang-Zi No.10301241980 dated 25 November 2014

Unit: NT\$000'/1,000 shares

Year/month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2015/3	10	150,000	1,500,000	98,075	980,751	Employee stock warrants 14.625 Conversion of corporate bonds 738.6		Jing-Shou-Shang-Zi No.10401038070 dated 9 March 2015
2015/4	10	150,000	1,500,000	98,200	982,009	Employee stock warrants 125.725		Jing-Shou-Shang-Zi No.10401076150 dated 28 April 2015

2. Share category

Unit: share

Share category	Authorized capital			Remarks
	Number of issued shares	Number of unissued shares	Total	
Ordinary shares listed on TPEX	98,200,868	51,799,132	150,000,000	-

(II) Shareholder structure

March 26, 2024

Shareholder structure Number	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people (person)	0	1	257	42,421	50	42,729
Number of shares held (shares)	0	414,773	21,216,002	73,795,687	2,774,406	98,200,868
Shareholding (%)	0.00	0.42	21.61	75.15	2.82	100.00

(III) Equity dispersion

Par value of NT\$10 per share; 26 March 2024

Shareholding tier	Number of shareholders	Number of shares held	Shareholding (%)
1 ----- 999	33,049	344,037	0.35
1,000 ----- 5,000	7,614	15,604,075	15.89
5,001 ----- 10,000	1,102	9,244,828	9.41
10,001 ----- 15,000	262	3,388,231	3.45
15,001 ----- 20,000	240	4,568,714	4.65
20,001 ----- 30,000	152	4,007,173	4.08
30,001 ----- 40,000	69	2,511,330	2.56
40,001 ----- 50,000	55	2,616,407	2.66
50,001 ----- 100,000	88	6,272,196	6.39
100,001 ----- 200,000	48	6,931,829	7.06
200,001 ----- 400,000	23	6,389,160	6.51
400,001 ----- 600,000	12	5,751,256	5.86
600,001 ----- 800,000	8	5,472,213	5.57
800,001 ----- 1,000,000	1	812,000	0.83
1,000,001 or more	6	24,287,419	24.73
Total	42,729	98,200,868	100.00

(IV) List of major shareholders

List of major shareholders

(shareholders holding 5% of total shares or above or with the top 10 equity ratio)

March 26, 2024

Name of major shareholder	Number of shares held	Shareholding (%)
E INK HOLDINGS INC.	9,765,000	9.94
Sheng Bo Investment Co., Ltd.	4,853,800	4.94
Lee Chien-Hui	4,751,153	4.84
Bo Chun Investment Co., Ltd.	2,860,080	2.91
Li Kuang-Nan	1,054,433	1.07
Ji Jian Duan Investment Co., Ltd.	1,002,953	1.02
Huang Li-Chiang	812,000	0.83
Wang, Chih-Cheng	741,000	0.75
Huang Tsung-Ta	738,154	0.75
Tsai Wen-Hua	722,879	0.74

(V) Market price, net value, earnings, and dividends per share and the relevant information for the most recent two years

Unit: NT\$000'; 1,000 shares

Item \ Year		2022	2023
Market price per share (Note 1)	Highest	28.00	22.80
	Lowest	14.35	14.95
	Average	25.24	19.50
Net value per share (Note 2)	Before distribution	15.72	15.46
	After distribution	15.24	Note 9
Earnings per share	Weighted average number of shares		98,201
	Earnings per share	Before distribution	0.35
		After distribution	0.35
Dividend per share	Cash dividend		0.48
	Stock grants	-	0
		-	0
	Cumulative unpaid dividends (Note 4)		None
Analysis of return on investment	Price-to-earnings ratio (Note 5)		55.17
	Price-to-dividend ratio (Note 6)		40.23
	Cash dividend yield (Note 7)		2.49

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at the end of the year and set out the amount of distribution based on the resolution made by the Board at the shareholders' meeting in the following year.

Note 3: If retrospective adjustments are required because of the issuance of stock grants, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price-to-earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price-to-dividend ratio = average closing price per share for the year/cash dividends per share.

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

Note 8: Net value per share and earnings per share are based on the data audited (reviewed) by CPAs from the publication date of the annual report up to the latest quarter. 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 9: As of 20 April, 2024, the shareholders' meeting has not resolved to distribute earnings for 2023.

(VI) The Company's dividend policy and implementation

1. Dividend policy stated in the Articles of Incorporation

Article 31: The distribution of dividends and bonuses shall be based on the ratio of shareholding of shareholders. When the Company has no earnings, it may not distribute dividends or bonuses.

Article 32: If the Company records profits for the year, it shall appropriate no less than 10% as the remuneration of employees and no more than 5% as the remuneration of Directors.

However, if the Company has accumulated losses, it shall preserve the amount for compensation in advance.

The distribution targets of stocks or cash as remuneration of employees include employees of subsidiaries fulfilling certain conditions.

If the Company has earnings from the final account of the year, it shall pay taxes and compensate prior losses and then appropriate 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the Company's paid-in capital, such appropriations are exempted. After appropriation or reversal of special surplus reserve according to laws and regulations, the remaining balance shall be combined with the undistributed earnings at the beginning of the same period; after preserving partial earnings discretionally, the Board shall prepare a proposal for earning distribution and submit it to the shareholders' meeting for the resolution of distributing shareholders' bonuses.

Article 33: Under the environment of increasing competition, to achieve sustainable operation and to consider our long-term financial planning and capital requirements, the Company has adopted the dividend equalization policy. With equal considerations given to shareholder's interest and other factors, the Company appropriates 10% to 90% of earnings available for distribution as shareholders' bonuses, in which the ratio of cash dividend distribution shall be no less than 10% of the total dividend distributed from earnings of the year.

2. Intended dividend distribution of the year:

The Board approved the proposal for earnings distribution to distribute NT\$0.5 per share, with cash dividends of shareholders amounting to NT\$49,100,434, on 27 February 2024.

(VII) Effects of the intended stock grants on the operating performance and earnings per share of the Company for the year:

The Company had no stock grant in 2023; therefore, it is not applicable.

(VIII) Remuneration of employees, Directors, and supervisors

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

Article 28: The remuneration of the Company's Directors shall be proposed by the Remuneration Committee according to the "Regulations for Remuneration Distribution of Directors." The Board is authorized to determine and distribute such remunerations based on the level of participation in the Company's operations, the value of their contributions, and the general standards within the industry.

Directors of the Company may claim traffic allowances based on actual circumstances.

Article 32: If the Company records profits for the year, it shall appropriate no less than 10% as the remuneration of employees and no more than 5% as the remuneration of Directors. However, if the Company has accumulated losses, it shall preserve the amount for compensation in advance.

The distribution targets of stocks or cash as remuneration of employees include employees of subsidiaries fulfilling certain conditions.

If the Company has earnings from the final account of the year, it shall pay taxes and compensate prior losses and then appropriate 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the Company's paid-in capital, such appropriations are exempted. After appropriation or reversal of special surplus reserve according to laws and regulations, the remaining balance shall be combined with the undistributed earnings at the beginning of the same period; after preserving partial earnings discretionally, the Board shall prepare a proposal for earning distribution and submit it to the shareholders' meeting for the resolution of distributing shareholders' bonuses.

2. Basis for estimation of the remuneration of employees and remuneration of Directors during the period, basis for the calculation of the number of shares for stock bonuses for distribution, and the accounting treatment if the distribution amount is different from the estimated amount:

The Company recorded profits (i.e., profits before tax less profits before the distribution of remunerations of employees and Directors less accumulated losses) of NT\$51,968,544 in 2023. The Company intends to

appropriate 10% as remuneration of employees (in the amount of NT\$5,196,855) and 3% as remuneration of Directors (in the amount of NT\$1,559,055), both of which will be distributed in cash. The Chairman is authorized to determine the distribution date at his discretion. The distribution amount is not different from the estimated amount.

3. The proposal for earnings distribution has been approved by the Board but not resolved by the shareholders' meeting:

The content of the proposal for earnings distribution approved by the Board of Directors on 27 February 2024 is as follows:

The 2023 net profit after tax is NT\$36,321,446, plus the distributable earnings at the beginning of the period of NT\$187,135,305 and disposal of equity instruments at fair value through other comprehensive income of NT\$5,292,672, and less the appropriation of legal reserve of NT\$4,161,412, such that the total distributable earnings becomes NT\$224,588,011. The Company intends to distribute shareholders' dividends of NT\$49,100,434 in cash according to the regulations of the Company Act and the Articles of Incorporation, for the distribution of NT\$0.50 per share.

4. Information on the actual distribution of employee, Director, and supervisor remunerations in the preceding year:

The actual distribution amount of the remuneration of employees and the remuneration of Directors in 2022 was NT\$6,119 thousand and NT\$1,836 thousand, which has no material difference from the amount accounted for as expenses in the financial report in 2022.

(IX) Share repurchases by the Company: None.

II. Corporate bonds

Not applicable.

III. Preferred shares

Not applicable.

IV. Global depository receipts

Not applicable.

V. Employee stock warrants

- (I) Outstanding employee stock warrants of the Company: None
- (II) Names of managers who have obtained employee stock warrants and the top ten employees with the most employee stock warrants up to the publication date of the annual report as well as their acquisition and subscription: None.

VI. New restricted employee shares:

Not applicable.

VII. Mergers or receipt of new shares issued by other companies

Not applicable.

VIII. Implementation of capital utilization plans

- (I) Content of plan
As of the quarter preceding the publication date of the annual report, if any prior issuance or private offering has not been completed or has been completed, but the effects of the plan are not fully exerted: None.
- (II) Implementation
Regarding the use of the plans in the preceding subparagraph, analyze, on an item-by-item basis, the implementation and the comparison with the initially estimated effects as of the quarter preceding the publication date of the annual report: None.

Five. Operational Highlights

I. Scope of business

1. Scope of business

(1) Major content of the scope of business

- A. CC01080 Manufacture of Electronic Parts and Components
- B. F119010 Wholesale of Electronic Materials
- C. F219010 Retail Sale of Electronic Materials
- D. F113010 Wholesale of Machinery
- E. I501010 Product Designing
- F. IZ99990 Other Industrial and Commercial Services (R&D of FPC and automated tape-on-reel)
- G. F601010 Intellectual Property Rights
- H. I199990 Other Consulting Service (consultant of PCB production technologies)

(2) Business proportion of major products

Unit: NT\$000'; %

Product name \ Year	2022		2023	
	Operating amount	Business proportion	Operating amount	Business proportion
Protective film	1,524,862	92.53%	1,409,956	91.05%
FCCL	86,174	5.23%	94,777	6.12%
Others	36,838	2.24%	43,777	2.83%
Total	1,647,874	100.00%	1,548,510	100.00%

(3) Current products (services) of the Company

The Company primarily engages in the research, development, manufacture, and sales of flexible copper clad laminate (FCCL), cover lay (CL), stiffener, bonding sheet, conductive materials, EMI shielding film, and high-frequency and high-speed materials.

(4) New products (services) to be developed

The R&D direction of the Company focuses on the core technologies of “precision coating” and “high-performance adhesive.” Regarding the diverse products and applications derived thereof, the Company primarily performs product R&D based on three major themes, including thin and colorization, high-frequency and high-speed, and functionalization. These products and applications include thin, low-CTE, and low-glossiness cover lays (black, white, and transparent) and self-produced PI cover lay developed in collaboration with PI suppliers; high-frequency EMI shielding materials, conductive materials, high reflection cover lay, and high-Tg cover lay required by end system application customers; and low-K FPC materials, high-frequency cover lay, high-frequency adhesive, LED heat spreading basic materials for vehicles and lighting required for high-speed transmission. With the products and applications, we can support the domestic FPC industry and improve the domestic industry supply while replacing imported materials and securing operating income and profits of the Company. The major development direction is as follows:

R&D item	Description of usage
High-frequency materials	<p>Entering into the 5G era, cloud calculation, products with integrated functions, and the high-quality and high-speed transmission of electronic communication products have become inevitable trends. The requirement of portable and wearable electronic products and automotive electronics for light and thin FPC for assembly will be increasing; however, the demand for high-transmission speed and quality of FPC also arises; for instance, the wireless communication antenna and wiring for smartphones, tablets, and wearable electronic products will be required to improve its bandwidth and transmission speed. Therefore, FPC materials with low dielectric constant and low dielectric loss have been used and adopted by Apple and other end system companies in their designs. In addition, for wearable devices, high-duty functional integration is required to provide transmission for the increasing service function requirements and the constantly increasing bandwidth. For vehicle applications with longer certification periods, more stringent material characteristics are required, and higher profits that are less likely to be replaced, with the development of EVs, the signal connection between the body and external devices has given rise to the demand for self-driving and safe driving, and the demand for board materials required for high-frequency and high-speed transmission has also increased, accordingly.</p> <p>(1) High-frequency MPI materials: In response to the demand of end application products and customers, the Company made extensions to the existing adhesive technical platform, improved the electrical characteristics of adhesive to achieve the requirement of the high-frequency application, and developed its high-frequency and high-speed high-frequency cover lay, bondply, bonding sheet, and basic materials by adopting processing method that complies with the existing FPC manufacturing technologies as the design focus. The 4th generation high-frequency bonding sheet is being verified by multiple downstream customers, and it is expected that the product will drive growth in our operating income.</p> <p>(2) Fluorine series substrate: PTFE is the resin material with the lowest dielectric constant and coefficient of dielectric loss; the fluorine series substrate from which it is made shows high flexibility and low transmission consumption in mmWave and is able to realize 5G and higher versions of telecommunication. In addition, PTFE possesses outstanding flexibility and is applicable to products that are required to be installed on curves. It can be used in the wiring of data centers, antenna and wiring materials of 5G stations and end equipment, radars, and sensors. This year, the Company has completed the development of fluorine-based substrates with low moisture absorption and low thermal expansion, and plans to add several production lines with an expected annual production capacity of 1 million square meters. In addition, the Company will proceed with the patent deployment simultaneously to create opportunities in the era of 5G and millimeter wave.</p>
EMI shielding materials	<p>EMI shielding film: When applying FPC to mobile communication systems, under the high-frequency trend of communication systems, the EMI issues must be solved; in particular, for display panels and touch panels that emphasize high-definition and the reaction velocity, attaching EMI shielding films is necessary. To sharpen the competitive edge of our existing products, we have developed a new series of EMI shielding film materials. In addition to traditional ink EMI, the self-produced PI EMI that features multiple stacking and formula designs has been developed in the hope of meeting different customers' requirements for shielding rate and costs. Furthermore, high dB (≥ 80dB) EMI shielding films are an upcoming market trend. The Company continues to develop extensive products with better EMI shielding effects to stay close to the market demand and expand the continual competitive strength of the product category. The Company has been operating in the field for years and has developed relevant products that have entered the process for verification by downstream customers during the year to make arrangements in advance for the future market.</p>

Conductive adhesive materials	<p>Conductive adhesive has been a new material that is essential in the electronics industry. Conductive adhesive is an adhesive having a certain level of conductivity after being solidified or dried. It can connect multiple conductive materials to form a circuit. Conductive adhesive can be used in microelectronic assembly, including the connection of thin lead wires and the metal layer or metal chassis of printed circuit boards, electroplated substrates, or ceramic adherends, adhesion of lead wires with sockets, adhesion of components with holes passing through printed circuit boards, and hole fixing. It can also be used to replace spot welding where the welding temperature is higher than the heat resistance temperature of the oxide film formed during welding and substitute for tin and lead solders. It is mainly applied in the following areas: telephones and mobile communication systems, radios, TVs, computers, car industry, medical equipment, and solving EMC issues. In addition to having conductive adhesive that has been put into mass production for marketing, we have a series of new products developed using our own technology on an ongoing basis, e.g., eco-friendly conductive adhesive with better SAT conductivity in line with future trends.</p>
Cover lay materials	<p>(1) Ion migration-resistant cover lay: The thin and easily portable development trend of mobile phones, notebooks, and other electronic products continued, resulting in the rather concentrated circuit design and narrow gaps between holes and circuits for PCB. To ensure the insulation reliability of products, more and more attention has been attached to the ion migration-resistant feature. Under an environment of high humidity and potential gradient, ion migration occurs to PCB and forms conductive anodic filament (CAF), which is one of the material reasons that results in malfunctions. The development of ion migration-resistant materials can satisfy the requirement for ion migration of PCB; such materials adapt to the trend of high-density interconnected development of electronics and possess broad future prospects in the market. During the year, the Company continued the sales of its existing ion-resistant migration coverlay; it has also developed ion-resistant migration coverlays with different resin series, and such coverlays possess favorable ion migration resistance effects and high price-performance ratio; currently, the Company continues to make promotions to customers.</p> <p>(2) Self-produced PI coverlay: Our self-produced PI has the advantages of adjustable thickness and a high price-performance ratio. The Company is committed to the development of self-produced yellow/black PI coverlay. Our formula design allows the black PI to maintain good mechanical performance and be resistant to height differences. Both our yellow PI and black PI offer a breakdown voltage and dielectric strength higher and better than those of outsourced PI, showing a high price-performance ratio. In addition, they can be used with different adhesive layers that can meet customers' various requirements for costs and ion migration resistance.</p> <p>(3) High-Tg cover lay: In response to customers' needs for a high Tg (90~150℃) for high heat resistance and bending resistance, We have developed products with a high Tg up to about 100℃ and they are currently sent to the customers for sampling and testing.</p> <p>(4) Transparent cover film: In recent years, mobile phones with transparent displays and foldable screens have emerged one after another. With the popularity of new technologies such as 5G and the Internet of Things, transparent screens will be combined with technologies such as AI and virtual reality to present more diversified application forms, the Company has also developed transparent coverlays in response to market trends.</p>

2. Industry overview

(1) Current status and development of the industry

Since the development of the Flexible Print Circuit (FPC) industry, the application field has involved almost all electronic products, mainly including communication, aerospace, industrial control, medical, consumer electronics, automotive electronics and other industries. The growth of the FPC industry is closely related to the development momentum of the downstream electronic information industry, and the two stimulate each other; specifically, automotive electronics, computers, and consumer electronics have become the three main

application areas of FPC, thanks to the development of 5G communication technology, as well as the development trend of electric vehicles and smart cars, automotive electronics has become one of the fastest growing areas of FPC applications. In the future, with the continuous development of the electronic information industry, the application fields of FPC will become more and more extensive.

The introduction of new application products such as AI mobile phones, AI PC, AI servers, automobiles, industrial control and smart security, foldable mobile phones, full-screen mobile phones, and 5G has become the key to whether FPC can maintain the high growth in the market in the past. In the initial phase of the 5G market, hardware required for station establishment gives rise to the business opportunities, followed by 5G smartphones, and enormous business opportunities derived from various 5G applications, including automotive, IoT and smart security, and agriculture in the long run; 5G mobiles has driven the rapid development of the smartphone market. The phone exchange trend for 5G mobiles commenced in 2019, and it is expected that the shipping for smartphones will increase on a yearly basis in the following five years. FPC is in line with the thin and refined characteristics and constantly increasing functions. High-frequency and high-speed will be required for FPC in the future. From 2G to 6G, the number of FPCs used in designs has been increasing. Each generation change brings about new room for growth for FPC.

The development of new energy vehicles is concurrently promoted in policies worldwide, such as the development of smart automotive, V2X applications, EVs, and self-driving vehicles; therefore, the importance of automotive electronics to automotive has been increasing on a daily basis. With the increasing level of intelligence of automotive and the application of FPC applications for years, FPC applications in new energy vehicles also increase, nurturing the Blue Ocean development environment for vehicle electronics. Nonetheless, various FPC companies have made arrangements in the field of vehicle FPC, which has high added value and stable orders. However, apart from the arrangements in the market, it is required to consider the reliability and safety of vehicles for such new applications. Companies who wish to enter the FPC supply chain shall improve their technologies and adopt corresponding measures for their quality systems. In addition, the introduction of automotive products requires a relatively long certification period (three years or above), and the production/manufacturing model is small-volume and large-variety. Such features are largely different from consumer electronic products and require the determination and change in the mindset of the business operators for support.

Under the target of carbon peaking and carbon neutrality, the estimated development of the energy storage industry is positive. Countries worldwide set the target of net zero emission in the second half of the century in the “Paris Agreement” in 2015, and multiple countries and governments, including the EU, the U.K., the U.S., Japan, Korea, and China, have proposed relevant planning and prospects, providing momentum for the development of the global energy storage market. In July, the National Development and Reform Commission and National Energy Administration printed and issued the “Guiding Opinions on Promoting Energy Storage Technology and Industry Development.” The Opinions have stated the realization of new energy storage technology transforming from the initial commercialization to scale development, with an installed capacity reaching 30GW or above by 2025, and state the realization of comprehensive market development of new energy storage by occupying a leading position worldwide in terms of innovation and industry standards, with the installed capacity fundamentally satisfying the corresponding requirements of the new power system by 2030. The development of the energy storage industry directly brings about the sales of energy-storing lithium batteries. At present, as it is the initial development period of the overall energy storage industry, and the maturity of the industry chain is insignificant, a material reverse process is required.

Currently, domestic FPC suppliers are actively making plans. Due to the threshold for the automotive power FPC field and differences in investment strategies of companies a few years back, the competition pattern of the power battery FPC industry for electric vehicles is entirely different from that of the consumer electronic field. The power battery FPC for electric vehicles fully replaced the traditional cable solutions, and explosive demand for the industry is, thus, recorded. As the energy storage industry has entered the rapid development period, driving the demand for energy-storing battery FPC/CCS, an explosive surge is recorded for the demand for automotive battery FPC and has brought tremendous market space.

With the emergence of the AR/VR/wearable device market, Google, Microsoft, Apple, Samsung, Sony, and other large-scale international electronic equipment producers have increased their investments and R&D strength; among Chinese enterprises, Baidu, Tencent, Qihoo 360, Xiaomi, and other leading companies in the industry have also made arrangements for the field of wearable equipment. FPC possesses thin and bendable features, bears the highest compatibility with wearable equipment, and is the first choice for wearable equipment in terms of connecting parts. The FPC industry will become one of the major beneficiaries of the prosperous development of the wearable equipment market. With the fast development of VR and AR technologies, the “metaverse” is becoming the “real world” in the virtual environment, and the gate between the virtual world and the real world is open. With accelerating evolution, the “metaverse” is becoming a virtual space that reflects the real world but is independent of the real world. People in the real world may use their digital identities to engage in entertainment, social communication, learning, and work in the “metaverse,” which completely broke the boundary between life and game and opened application scenarios from consumer-oriented Internet to industry-oriented Internet. AR/VR wearable equipment gives rise to the demand for FPC, which bears the highest compatibility with wearable equipment and is the first choice for wearable equipment in terms of connecting parts. The prosperous development of the wearable equipment market will provide drivers for tremendous demand for FPC.

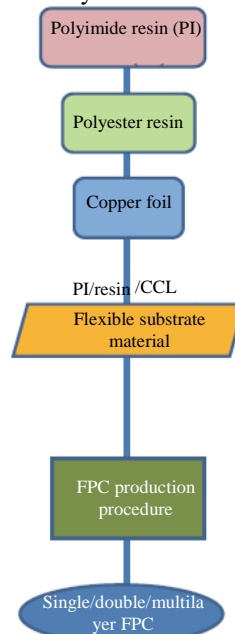
Even if the sales volume of smartphones worldwide may further drop, and the sales of traditional vehicles have been dropping, the outlook for the FPC market remains positive. On the contrary, the recovery of the smartphone market arising from the global application of the 5G network, the trend of electronic and smart automotive, and the explosive development of wearable equipment will provide great demand for FPC; therefore, the dropping in such sales has an insignificant effect on the development, and the FPC market shows a positive growth trend overall.

(2) Connectivity between the upstream, midstream, and downstream of the industry

The FPC structure in Taiwan may be divided into the upstream raw material industry, the midstream FPC companies, and the downstream applications. Due to the insufficient domestic manufacturing capacity for PI film, rolled copper foil, and other upstream materials that are required by FPC, imports from Japan, Korea, and other countries are required. However, products of Taimide Technology, a domestic PI film production company, have been replacing a certain part of the imported PI films. For copper foil, electrolytic copper products from Nan Ya, Chang Chun, and LCY have been introduced to replace partial imports from Japan. However, imports from Japan are required for rolled copper foil; in particular, as end customers use rolled copper foil with high strength in the design of mobile device FPC, a rapid increase in the use of rolled copper foil was thus recorded in the past two years; as such, supplies from Japan is required due to the limited count of domestic copper foil in Taiwan. Another part of the upstream is FCCL manufacturing, including TAIFLEX, ThinFlex, Microcosm, Azotek, and the Company. Products cover all series of basic materials, cover lays, stiffeners, and bonding sheet products. At present, the quality and production capacity can replace Japan or Korea to provide abundant suppliers for the downstream FPC manufacturing requirements. In recent years, material companies in China have entered the upstream field of FPC to compete by way of low prices and large-scale production expansion, causing the crisis of price collapse of upstream materials. However, materials produced in China have quality issues and will not affect material companies in Taiwan in the short term. However, in the long run, with assistance from the red supply chain, such companies in China will invade the part of the market, which is worthy of notice for upstream material companies. Midstream FPC companies record favorable development and have been growing in recent years, and most of them have set up plants in China, including Zhen Ding, CareerTech, FLEXIUM, ICHIA, Uniflex, and COMPEQ; Zhen Ding has become the top PCB company worldwide with Apple Inc. being its major customer. In the past, due to the development of mobile devices, the FPC industry had enjoyed great benefits arising from the significant growth in the market. However, mobile devices with mobile phones as the focus, have a concentrated major customer base, and the production capacity and order volumes have great differences based on the time of new phones released to customers. On the other hand, alongside the saturation of the mobile market, the high growth of the past no longer exists. It is hoped that the following development in the wearable device, IoT, and automotive application fields will provide drivers for a new wave of demand and continue the prosperous growth of FPC, or the

development of FPC will experience a period of low times. At the same time, as China has support from its extensive domestic demand market, it has become the main player in maintaining the FPC market in the next round. Therefore, breaking through the mindset and operating model with a long-term reliance on the U.S. brands, dispersion of order sources, utilizing the comprehensive industrial supply chain and leading technologies in Taiwan, the improvement in securing orders from the self-owned mobile brands in China, and the arrangements for low-to-mid-tier mobiles in Southeast Asia and India will become the key to successful businesses for FPC companies in the future. In terms of downstream end applications, including domestic and foreign system companies, given that FPC has been developing in Taiwan for years, there are multiple foreign customers apart from domestic customers. The major customers are the U.S. companies (including Apple) and Korean companies; however, as changes in orders from Korean customers are relatively more material, the competitiveness of Korean customers dropped in recent years, and their orders returned to the Korean supply chain, orders for such parts will be decreasing. Orders from U.S. customers have the trend of over-concentration, causing crisis upon any transfer of order. Therefore, the FPC companies are considering the reduction in demand for human resources by automation at present to improve the manufacturing yield by adopting the roll-to-roll method. Meanwhile, they consider the stability of orders and risk dispersion and start to have thoughts about entering into fields of automotive, wear, IoT, and other end application products of novelty and high profits.

The diagram of the FPC industry is set out as follows:



Source: IEK, ITRI

(3) Development trends and competition of products

The ratio frequency used for mobile telecommunication has been increasing with the development from 1G to 5G. The dielectric property of general PI is not able to satisfy the requirement of losses from the transmission of high-frequency and low-signal. MPI and LCP, as the new materials for FCCL, made their debut in the market, and they are primarily used in the antenna of high-frequency smartphones.

5G is divided into two frequency bands of Sub-6GHz (3.5GHz) and mmWave (above 28GHz); the performance of signal transmission loss with an MPI performance below the frequency band of 15-20GHz is equivalent to that of LCP. Under the careful considerations of material performance, workability, and price, it is estimated that the antenna for the Sub-6GHz frequency band will primarily adopt MPI, and the LCP frequency band will primarily adopt LCP.

At present, the frequency of 5G is the most favorable. The higher the frequency, the shorter the wavelength, and the easier to decline in the communication media are the features of the electromagnetic wave; therefore, the high frequency of 5G requires low consumption of antenna materials. The high frequency of 5G mobiles requires antenna materials of low

consumption. For smartphones, as one of the crucial scenarios of 5G application, the development of 5G undoubtedly brings opportunities for the development and revolution of the smartphone antenna.

MPI is the mainstream material option for the initial development of 5G mobiles. PI films (polyimide) started to be adopted as antenna manufacturing materials in the 4G era. However, PI has significant losses in an environment above 10GHz, and is unable to satisfy the end requirement of 5G; leveraging on the minor dielectric losses and conductor losses, LCP (liquid crystal polymer) of flexibility and airtightness has gradually been adopted for use. LCP requires high production cost and complicated technics; therefore, MPI (modified polyimide) is likely to become one of the mainstream antenna material options in the 5G era at present due to the wide range of operating temperatures, the ease of attaching its surface to copper, its affordable price, and other advantages.

3. Technology and R&D overview

(1) Technological capabilities and overview of R&D

The main technology R&D focus of the Company adopts our existing core technologies, including two technical platforms of high-end adhesive and precision coating, as our basis and considers the technical and product development of the overall FPC industry for establishing our R&D strategies and policies. Taking into account the major trend of IoT in the future, wearable and automotive products will become the key to the next wave of FPC growth and application. Therefore, the Company has opted for high-frequency, functionalization, and colorization as our main focuses for product R&D. High-frequency products mainly focus on EMI shielding materials and high-frequency and high-speed adhesive materials. At present, such products have entered the stage of mass production and sales and have successfully secured orders from customers in Taiwan and the U.S.. At present, we have successfully developed conductive FPC materials for functionalized FPC and carried out mass production and sales for applications in rear lamps of automobiles. In addition, for conductive materials, the mass production and sales of EMI shielding film and conductive resin film for general use with a high price-performance ratio commenced in the year before last. The Company has also been making arrangements among downstream customers. The mass production with increased volume is expected to begin in the current year and the following year, which will give rise to a significant increase in operating income. Moreover, for thin FPC materials, the Company has long been investing in such areas and keeping abreast of the mainstream specifications and product requirements in the market. The Company carried out a small-scale mass production for thin cover lays and is expecting to increase the volume of production during the year. Lastly, for CCL, the Company commenced the development of self-owned TPI technologies in the year before the last and has gained initial achievements. Through the verification of downstream customers, we have begun the sales in the hope of securing a seat in the matured CCL field. For colorization, apart from reducing the manufacturing cost of traditional cover lay and improving product profitability by way of cost control measures, the black cover lay of end customers has emerged and been introduced in response to the black PI film of the raw material suppliers, the material has become the standard product and requirement within the industry. In the future, the Company will continue to expand its scope of application and sales to create profits for the Company. Regardless of the increased consumption volume of black cover lays, for the black stiffener under the patented structure of the Company, mass production was performed in the preceding year, and we received favorable market acceptance, bringing significant assistance to the improvement in the average selling unit price. For materials of high reflection cover lay and transparent FPC, we are transforming from R&D to order acceptance. High reflection cover lays have become the options for LED light bars, high-end displays, and lighting with expanding market performance and are highly asked in the market. Transparent PI materials have the chance to become an option for wearable and automotive applications, and the Company is in hope that such materials will be featured in products in the next generation.

(2) R&D personnel and their academic background (career achievements)

Unit: Person

Year		2021	2022	2023	Q1 2024
		Number of persons	Number of persons	Number of persons	Number of persons
R&D personnel	Above master	3	3	6	6
	College/university	16	17	21	23
	High school (vocational high school)	5	4	2	2
	Total	24	24	29	31

Note: The abovementioned number of persons includes subsidiaries

(3) The R&D expenses invested in the most recent year and up to the publication date of the annual report

Unit: NT\$000'

Item	Year	2023
A. R&D expenses		77,426
B. Operating income		1,548,510
A/B		5.00%

(4) Technologies or products successfully developed in the most recent five years

Year	Item	R&D achievement
2019	High reflection cover lay	The high reflection cover lay has passed the customer's verification, and the introduction in the future will bring operating income for the Company.
	Transparent substrate	Satisfy the product application requirements of folding screens and transparent displays.
	High-frequency substrate	Continue to optimize and improve material performance to satisfy customers' actual requirements of use and make arrangements for 5G high-frequency and high-speed materials.
2020	High EMI shielding film	With the rapid development and popularization of 5G, it is expected that the market of EMI shielding will expand, and the products will transform following the trend of high coverage, lightness, high standard, and scale. There is no feedback of anomaly of the Company's high EMI shielding film from the sample presentation. Currently, the Company continues the scaled mass production for stocking.
	High-frequency bonding sheet	Developed the 4th generation high-frequency bonding sheet, and the electric property performance recorded was favorable; currently, the product is in the course of sample presentation, proofing, and verification by customers.
2021	Ion migration-resistant cover lay	Developed ion-resistant migration cover lays with different resin series, and such cover lays possess favorable ion-resistant migration effects and a high price-performance ratio; currently, the Company continues to make promotions to customers.
	Self-produced black PI cover lay	Our self-produced PI has the advantages of adjustable thickness and a high price-performance ratio; our formula design also allows the black PI to maintain favorable mechanic features.
	Conductive adhesive	To improve the SAT conductivity, the Company has developed a new generation conductive adhesive with favorable conductivity for vacuum hot press SAT.
2022	Self-produced PI EMI	We use multiple stacking and formula designs to meet different customers' requirements for shielding rate and costs.
	Fluorine series substrate	Such substrate has better electrical and insertion loss performance than LCP substrates of similar specifications. We also offer multiple thickness specifications to meet customers' needs.
2023	Transparent material	Develop transparent materials with light transmittance > 90%, b value < 2, and haze < 5%, which can be used in transparent displays and foldable displays.
	Self-made PI type EMI/black cover film	Adjustment and optimization of the process parameters of the self-made black PI layer to achieve mass production to meet customer needs.

4. Long-term and short-term business development plans

(1) Short-term business development plan

A. Marketing strategy

- a. Focus on improving the market share of current products and concurrently support the product design development of the market and customer. Strengthen customer services, establish a healthy interactive relationship with customers, and build customers' and markets' trust in the Company, and in turn, seek higher customer satisfaction.
- b. Keep abreast of the dynamics of product design and major material use of direct customers based on the requirements of end customers and provide real-time feedback to the R&D, Production, and Quality Assurance Departments so as to improve the procurement loyalty and preference of customers.
- c. Adjust customer structure and focus on domestic and foreign listed companies as our major customers.

B. Production strategy

- a. Improve production yield and availability and improve the effective output; make use of production lines effectively and adopt effective production models.
- b. Effectively shorten the production lead time and raw material delivery term and confirm the delivery term of the period and its accuracy to achieve the competitive standard required by the market and the target of reducing the inventory turnover of the Company.
- c. Seek material suppliers with appropriate costs and quality, require suppliers to regularly carry out examinations and modifications for the selling price, and consider the target of local supply by taking into account the long-term cost reduction and dispersion of supply risks.

C. Product development strategy

- a. Optimize current products and applications.
- b. Improve the manufacturing quality and yield of products.
- c. Select material products that are in line with the market based on the R&D achievement in the past years for mass production and reinforce the efficacy of transforming R&D to mass production.

D. Business scale and finance accommodation

Following the main goal of mitigating the risk of bad debts and controlling inventories, improving our operating income and focusing on reducing production costs, material raw material localization, and cultivation of premium Taiwanese, U.S., and Japanese customers.

(2) Long-term business development plan

A. Marketing strategy

- a. Disperse customer orders to avoid a single customer from accounting for an overly high ratio and improve the sales and order ratios of Chinese-invested and other customers.
- b. Explore niche markets (automotive and wear) to avoid the effects of market fluctuation of current products on our operations.
- c. Segregate product market and improve market share (EMI shielding film, conductive adhesive, high-speed transmission materials and self-produced basic materials).

B. Production strategy

- a. Effectively make use of the multi-function system, reinforce production efficiency and production quality, and create a premium manufacturing environment.
- b. Enhance the system for production and sales communication and coordination and improve production efficiency to achieve the target of real-time production and inventory avoidance.
- c. Adopt the dual model of production by plan and production in order to improve the availability and duly perform the control for production costs and product quality.

C. Product development strategy

The Company will introduce advanced material technologies from foreign countries through international cooperation to develop the next generation of products and technologies to achieve the goal of product differentiation. Develop material technology capacity and cooperate with governmental policies; explore local material technologies and work with corporate research institutions; organize product R&D alliance in response to an industry association and build an integrated R&D system from upstream to downstream, allowing the Company to become a globally renowned electronic coated material supplier and realizing the product R&D efficiency. Meanwhile, the Company will fully utilize our

precision coating technologies to develop products with wide applications and diversification, make arrangements for patents to protect the Company's intellectual properties and disperse operating risks.

D. Business scale and finance accommodation

For the development of the long-term business scale, we aim at internationalization and diverse development and utilize various financial instruments based on our business requirements to minimize financial costs and support the requirements of our operating targets.

II. Overview of the market, production, and sales

1. Market analysis

(1) Sales region of major products (services)

Unit: NT\$000'

Sales region \ Year		2022		2023	
		Sales	(%)	Sales	(%)
Domestic sales	Taiwan	54,700	3.32	54,599	3.53
Export sales	Asia	1,593,174	96.68	1,493,911	96.47
Total		1,647,874	100.00	1,548,510	100.00

(2) Market share

Based on the market survey by JMS in Japan, the global FCCL market in 2023 was USD2.1 billion, and the consolidated sales of the Group in 2023 was NT\$1.55 billion (about USD50 million; regardless of the production consumption of downstream customers, the global market share of the Company is approximately 2.38%.

(3) Future market demand and supply and growth potential

The Company is an FPC material supplier, primarily engaging in FCCL, CL, stiffener, RMI film, conductive adhesive, and high-frequency materials.

According to various domestic and foreign market surveys and research reports, smartphones, tablets, ultra-books, and other mobile information and electronic communication products have entered the saturation period. Regarding the release of 5G in 2019, in the initial phase of the market, hardware required for station establishment gives rise to the business opportunities, followed by 5G smartphones, and enormous business opportunities derived from various 5G applications, including automotive, IoT and smart security, and agriculture in the long run. The phone exchange trend for 5G mobiles commenced in 2019, and it is expected that the shipping for smartphones will increase on a yearly basis in the following five years. Mobile communication evolves into a new generation approximately every decade. With the thin and refined characteristics and constantly increasing functions at a fast speed, the number of FPCs used has been increasing for the design from 2G to 5G. Each generation change brings about new room for growth for FPC.

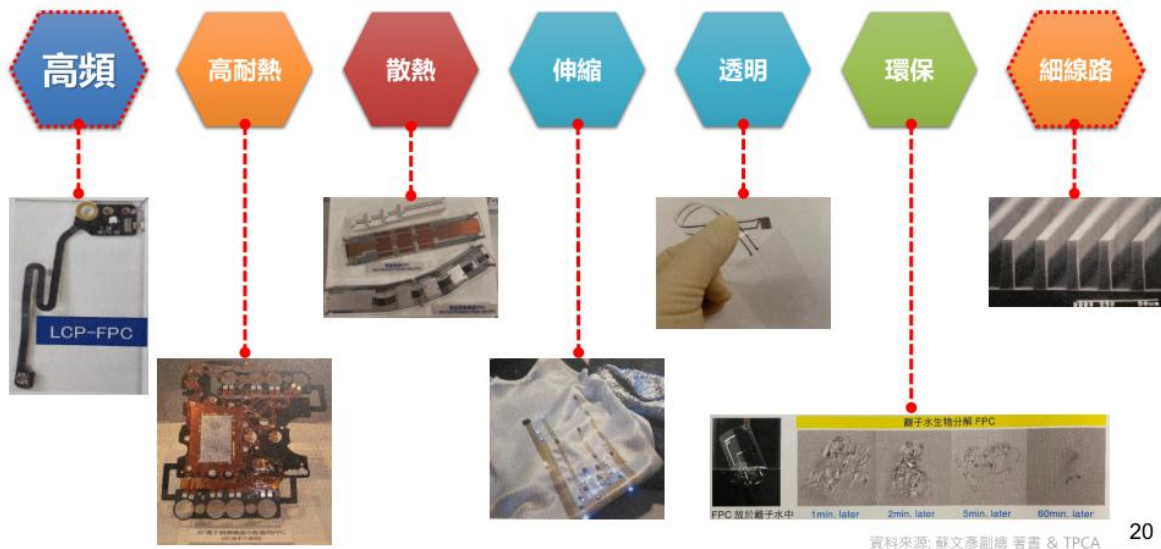


Source: IEK, ITRI

Consumer electronics development trends



Source: 5G High-frequency FPC/Assembly, Test, Design, and Simulation Forum in 2022/11



Source: TPCA

資料來源: 蘇文彥副總 著書 & TPCA

20

AR/VR頭戴裝置是通往元宇宙的入口



資料來源: DIGITIMES Research整理, 2021/11

In the next 3 years, AR/VR headsets will record rapid growth. The Company will keep abreast of opportunities for FPC materials arising from emerging industries.

- The rigid demand for AR/VR headsets arises due to the outbreak.
- Apple will lead mobile companies to formally enter the AR/VR headset market.
- Under the technical advances, the comfort of wearing AR/VR headsets has been significantly improved, giving rise to the purchase intention of consumers.

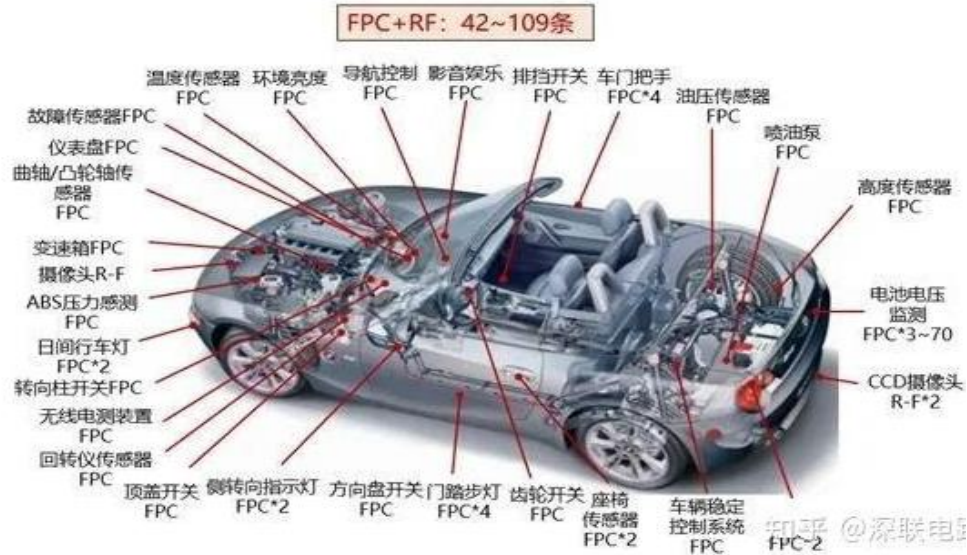
FPC materials are widely used in the fields of consumer electronics (4K TV, 5G heat spreading materials, and foldable mobile phones), AI consumer electronics, automotive electronics, 5G communication facilities, and national defense and military industry, and the overall production value of FPC showed an increasing trend.

New energy vehicles are not only a material direction for the transformation and upgrade of the global automotive industry but also a material catch in response to the energy crisis and the relief of environmental pollution. The National Energy Administration in China commenced the new energy vehicle activities in the countryside in 2021 to stabilize the increase in automotive consumption, facilitate the promotion and use of new energy vehicles in rural areas, promote environmental transport to residents in rural areas, and facilitate the overall revitalization of townships to support the realization of the target of carbon peaking and carbon neutrality.

Furthermore, with the increasing level of intelligence and use of FPC, such as the development of smart vehicles, V2X application, EVs, and self-driving vehicles, the importance of automotive electronics among

vehicles is increasing.

New energy vehicles, as the main development path of the automotive industry in the future, automotive FPC has replaced cables and become the trend; automotive FPC is used by the vehicle body in multiple aspects. With the improvement in sensor technology applications and the penetration of the Internet into automotive, the usage in the automotive industry has become more significant, and the ratio of automotive electronics to finished vehicles has been increasing. In 2010, the ratio of automotive electronics to finished vehicles reached 29.6%; it is estimated that the ratio will reach 34.3% by 2020 and nearly 50% by 2030. At present, the ratio of the cost of automotive electronics for new energy vehicles has reached 50% and above, and the ratio of the use of FPC in finished vehicles will record a material surge; it is estimated that the use of automotive FPC will exceed 100 pieces.



Source: Automotive FPC



資料來源: Mektec

Source: Mektec

新能源车行业之动力电池FPC



软板FPC替代传统线束运用创新

Source: Automotive FPC

At present, the competitive model of the new energy vehicle power battery FPC industry is vastly different from that of the field of consumer electronics. Due to the vast room for growth in the new energy vehicle power battery FPC industry, the power battery FPC for new energy vehicles fully replaced the traditional cable solutions, and explosive demand for the industry is, thus, recorded. As the energy storage industry has entered the rapid development period, driving the demand for energy-storing battery FPC/CCS, an explosive surge is recorded for the demand for automotive battery FPC and has brought tremendous market space.

(4) Competitive niche

A. Actively develop new markets and new customers

The Company is an FPC material supplier that has established marketing joints in the Great China Region to provide services to customers in the neighboring regions and expand the domestic and foreign markets, and in turn, create rapid growth of its performances and improve its reputation; the Company also plans for the optimum product portfolio to achieve the best profitability. In the future, we will focus on the cultivation of customers, optimize our product portfolio, replace unfavorable Chinese customers and products, and implement a profit-oriented sales philosophy.

B. Excellent new product R&D capacity

The Company is committed to the product formula research and coating manufacturing procedures of FCCL and cover lay, and other core technologies. All our products are self-developed, and we have obtained patent rights to protect our intellectual property rights. We have comprehensive product categories and have developed environmental materials and high-end niche products to enter the market, complying with the diverse FCCL applications. Currently, we have introduced high-frequency and high-speed materials (i.e., high-frequency bonding sheet, high-frequency bondply, and high-frequency cover lay); subsequently, we will develop high-frequency substrates for downstream customers to perform verification. Conductive materials (i.e., EMI shielding film and conductive resin materials with a high price-performance ratio) are under normal mass production; subsequently, we will continue to develop self-produced TPI substrate, thin materials, and other new products that comply with the requirements of the industry to expand our core competitiveness on the core technology platform of the Company.

C. Provide a strong technical service team

The Company integrates business, R&D, customer service, and other professional elites to reinforce customer services and improve our market share. Apart from providing products of high quality, we also provide technical support in time based on customers' requirements to shorten the time for customers to become familiar with the products and satisfy customers' diverse requirements. We align with customers' requirements by providing improved product performances through R&D and creating a win-win position of profitability and competitive strength. Furthermore, through domestic and international cooperation, we introduced overseas advanced materials and technologies to help the development efficiency of new products, create added value for products, and keep pace with the requirements of end applications.

D. Effectively control costs and commit to profit improvement

Actively develop crucial raw materials and seek substitutes and reinforce the principle of localized supply of raw materials in the hope of reducing costs and improving profitability. Meanwhile, we examine and integrate the existing layout for tool manufacturing and production line and cultivate the multi-function of field employees to improve the manufacturing quality and yield and minimize manufacturing costs.

E. Positive industrial outlook

Even though the growth and demand for mobile phones and other mobile devices may have reached saturation, the market growth in terms of the consumption requirements for electronic products remains positive alongside the development of the requirements for IoT, wear, and automotive devices, bringing forward positive outlook of the overall demand for FPC. FCCL and protection films are the main raw materials of FPC; with the constant launches of new FPC products, the potential of FPC materials will also increase. As mobile phones and future wearable smart devices require further thinness, more FPC designs may be required considering the space to achieve the thinness requirements of products.

Therefore, the increase in the requirements of smart automotive and other wearable devices will also drive the growth of FPC development at the same time. The constant releases of new FPC products create the continual growth of markets of various electronic products. It is expected FPC will show relatively stable growth to bring about the demand for FCCL and protection films. In addition, due to the high-speed and high-frequency development of mobile and wearable devices, new corresponding FPC materials have been introduced, and the demand for high-frequency materials, EMI shielding, conductive adhesive, and other FPC peripheral materials has been emerging; new FPC materials will provide momentum for the industry development.

(5) Favorable and unfavorable factors for future development and countermeasures

A. Favorable factors

- a. The market demand for new products continues to emerge (AI, smart wear, IoT, automotive, 5G, wireless charging, and antenna), bringing about the overall market demand.
- b. The Company possesses favorable customization capacity with sufficient resources to provide services to downstream customers.
- c. Make arrangements in China in advance in the hope of taking over markets related to mobile phones and relevant mobile devices of Chinese brands.

B. Unfavorable factors

- a. Emergence of the local supply chain in Mainland China results in the intense industry competition

The annual growth of FPC demand brought by the mobile industry attracts the participation of new FPC competitors from Mainland China and results in increasing competition within the industry; therefore, the overall profit is compressed, and the order competition condition resulted from the red supply chain in China has emerged.

Countermeasures:

- (a) Continue to develop new products and maintain the leading position in terms of technologies within the industry. Apart from continuing to expand our market share for high-frequency FPC materials and EMI shielding materials, we carried out the development and mass production of LED light bars, white cover lays, LED lighting and heat conduction materials, transparent basic materials, and relevant green energy products, wearable and automotive products; such products are transforming into products of high profits for product differentiation.
 - (b) Make appropriate feature adjustments for FCCL based on the equipment and manufacturing procedures of downstream customers to achieve customized services. In addition, the Company also provides customer production and troubleshooting for customers, continues to improve its manufacturing and technical capacity, and produces premium products. Meanwhile, we establish long-term partnerships with customers and seek business opportunities for new products through feedback from customers and the application market.
 - (c) Explore new customer bases and focus on exploring new Taiwanese and U.S. customers. Minimize the ratio of small-scale customer ratio in China and change product portfolio, and eliminate unprofitable products and customers.
- b. Concentration of crucial upstream raw materials with minor suppliers

The major raw materials of FPC basic materials are copper foil, PI films, release

papers, and chemicals. The main suppliers of PI films are from Japan, Taiwan, and Korea, and rolled copper foil and electrolytic copper foil are primarily from Japanese companies. Based on the consideration for product quality stability and raw materials designated by customers, the raw materials used by the Company are concentrated in several foreign companies.

Countermeasures:

To ensure the market competitiveness of procurement prices and maintain abundant sources of supplies, the Company maintains healthy and long-term cooperation with existing suppliers, appropriately adjusts and disperses procurements sources to avoid over-concentration with minor suppliers, nurtures substituting suppliers and secures second sources to acquire a better room for price negotiation. Execute supply contracts with material suppliers to ensure the table source of supplies. At the same time, establish the local supply principle of raw materials by adopting the localization of local chemicals and release materials with the combination of R&D and material strategies, which not only takes into account the costs but also reduces the inventory demand for raw materials.

- c. The increasingly stringent environmental protection regulations results in an increase in product costs

In recent years, occupational safety incidents have constantly occurred, and the standards of environmental protection regulations have become increasingly strict; therefore, the Company shall adopt more stringent measures for in-house production and raw material keeping and control, causing a further increase in the operating costs of producers.

Countermeasures:

Improve the onshore procurement ratio in China and transfer the risk of raw material inventory and management to suppliers. We set up an occupational safety team in our plant to implement environmental protection and occupational safety work in our plant.

- d. Selling price of FPC drops fast

Due to the intense competition in the electronic industry, profits are pressured; customers constantly require price reductions from upstream suppliers, together with the price reduction competition within the industry, resulting in the continuous downward adjustment of prices.

Countermeasures:

- (a) Actively explore new customers, improve the yield of products, adhere to the implementation of spending-saving strategies, and control manufacturing, operating, and R&D expenses to effectively minimize costs.
- (b) Replace products with low profits, reinforce the sales of products with high profits, and alter product portfolio to maintain overall profitability.
- (c) Continue to expand the market share of niche products (i.e., high-frequency materials, EMI shielding, conductive adhesive, and other new products of high-end FPC materials) and create product differentiation and added value to maintain the operating income and growth of the Company.

2. Important usage and production processes of main products

(1) Usage of main products

The current FPC forms and materials used are diversified; in particular, in recent years, the increasing demand for FPC arising from a certain new market requirement on a yearly basis (i.e., AI, smart wear, robots, and automotive electronics, together with the existing market (i.e., mobile phones, digital cameras, laptops, and LCD display monitors), facilitated the rapid development of FPC. Major applications for electronic products are set out as follows:



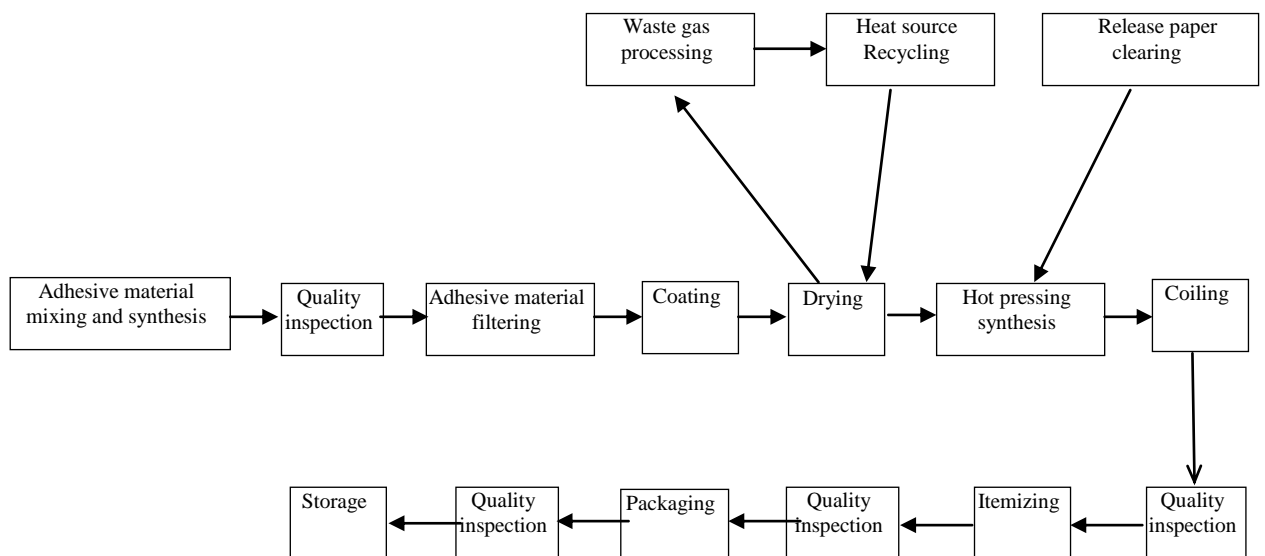
Source: 5G High-frequency FPC/Assembly, Test, Design, and Simulation Forum in 2022/11

(2) Production processes

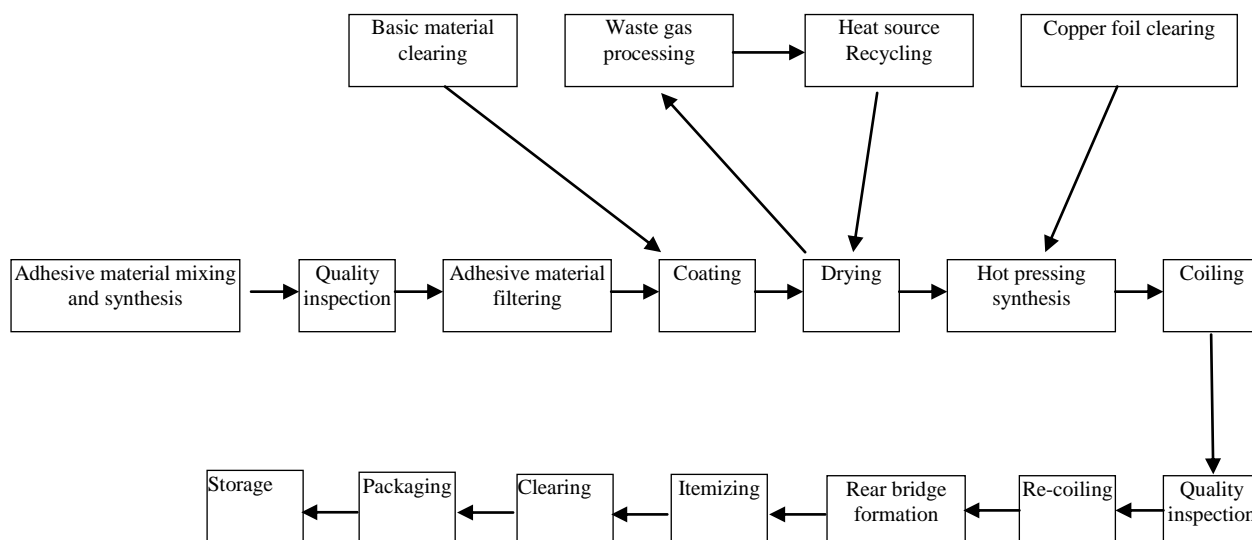
The main products of the Company are CVL and FCCL. The manufacturing procedures are as follows:

A. CVL:

Manufacturing procedures of CVL



B. FCCL:



3. Analysis of supplying sources of main raw materials

Name of main raw materials	Main source	Supplying status
PI	Japan, Taiwan, and Korea	Favorable
Copper foil	Japan and Taiwan	Favorable
Release paper	Japan	Favorable
Chemicals	Japan and Taiwan	Favorable
Bonding sheet	Japan	Favorable

Regarding the abovementioned main raw materials, the Japanese companies possess the economy of scale due to the advanced technologies, and they have nearly secured the upstream raw material markets worldwide; therefore, based on the considerations for product quality and costs, and under the effects of industry characteristics, the raw materials are majorly sourced from a few large-scale companies overseas. Based on the considerations for risks, we introduced Taiwanese and Korean companies for PI films, accounting for the highest proportion of raw materials; therefore, there would not be material lacking. For release papers and chemicals, as the development of suppliers invested by Chinese and Taiwanese enterprises is becoming mature, the Company will turn to local supplies for development for the benefit of inventory and cost control.

4. Description of material changes in the profit margin of major products or departments in the most recent two years

(1) Changes in profit margin in the most recent two years

Unit: NT\$000'

Item	Year	2022	2023
Net operating income		1,647,874	1,548,510
Gross profit		360,543	338,993
Profit margin (%)		21.88	21.89
Changes in gross profit (%)		-21.27%	0.05%

In 2022 and 2023, the Company's net consolidated operating income was NT\$1,647,874 thousand and NT\$1,548,510 thousand. The decrease in 2023 as compared to the preceding year was primarily due to the effects of the global economy that resulted in the decrease in market demand for FPC. The gross profit margin in 2023 is consistent with that in 2022.

(2) For changes in profit margin reaching 20% as compared with the preceding year, the key factor causing the changes in the price and quantity shall be analyzed: Not applicable.

5. List of major customers of purchases and sales

(1) Name of customers accounting for 10% of the total purchase amount or above in any of the most recent two years and the ratio:

Unit: NT\$000'

Item	2022				2023			
	Title	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer	Title	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer
1	Supplier A	433,594	48.00%	None	Supplier A	377,694	45.84%	None
2	Supplier B	141,471	15.66%	None	Supplier B	127,553	15.48%	None
	Others	328,256	36.34%	None	Others	318,700	38.68%	None
	Net purchase	903,321	100.00%		Net purchase	823,947	100.00%	

Description of reason for changes:

The Company and its subsidiaries are FPC material manufacturers specializing in FCCL, CL, stiffeners, and bonding sheets. In the most recent two years, the major supplier was Supplier A; the consolidated net purchase from Supplier A in 2022 and 2023 accounted for 48.00% and 45.84% of the consolidated net purchases of the Company and its subsidiaries, respectively, for the year, primarily due to the Company and its subsidiaries' adjustment to material strategies with regard to cost considerations.

(2) Name of customers accounting for 10% of the total sales amount or above in any of the most recent two years and the ratio:

Unit: NT\$000'

Item	2022				2023			
	Title	Amount	As a percentage of the annual net sales (%)	Relations with the issuer	Title	Amount	As a percentage of the annual net sales (%)	Relations with the issuer
1	Client A	205,916	12.50%	None	Client A	227,024	14.66%	None
2	Client B	196,332	11.91%	None	Client B	185,338	11.97%	None
	Others	1,245,626	75.59%	None	Others	1,136,148	73.37%	None
	Net sales	1,647,874	100.00%		Net sales	1,548,510	100.00%	

6. Production volume and value in the most recent two years

(1) Table of the production volume and value in the most recent two years

Unit: m²; NT\$000'

Production Volume and Value		2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main product							
FCCL material		46,800,000	11,484,904	1,678,908	32,880,000	11,241,430	1,627,835

(2) Analysis of changes

Due to the change in product structure, the Company's overall production capacity in 2023 decreased from 2022, and due to the impact of the industry boom, the output and output value of the Company in 2023 decreased from 2022.

7. Production volume and value in the most recent two years

(1) Table of the production volume and value in the most recent two years

Unit: NT\$000'; 1,000kg/m²

Sales volume and value Main product	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Protective film		253	54,195	9,231	1,470,667	258	53,492	8,484	1,356,464
FCCL		2	505	218	85,669	2	1,107	253	93,670
Others		Note	0	Note	36,838	Note	0	Note	43,777
Total			54,700		1,593,174		54,599		1,493,911

Note: As the unit is not consistent, the total is not available.

(2) Analysis of changes

In 2023 and 2022, the Company's net consolidated operating income was NT\$1,548,510 thousand and NT\$1,647,874 thousand. The decrease in 2023 as compared to the preceding year was primarily due to the pressure of consumer electronics destocking, which resulted in the decrease in market demand for FPC.

III. Number of employees in the most recent two years and up to the publication date of the annual report

Unit: Person; %

Item \ Year		2022	2023	March 31, 2024
Number of employees (persons)	Direct employee	118	133	140
	Indirect employee	2017	94	92
	R&D personnel	24	29	31
	Total	248	256	263
Average age (year old)		34.7	36.6	36.5
Average years of service (year)		7.9	9.0	9.0
Distribution of educational background (%)	Doctoral degree	0.40%	0.78%	0.76%
	Master degree	2.42%	4.30%	4.18%
	College/university	38.31%	40.23%	40.30%
	High school	53.63%	49.61%	48.29%
	Below high school	5.24%	5.08%	6.46%

Note: The abovementioned number of persons includes subsidiaries

IV. Information on environmental protection expenditure

1. According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit for pollution drainage, or to pay anti-pollution fees, or organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made. However, the R&D Section is responsible for contacting professional waste processing companies to handle the waste generated by the Company due to R&D.
2. Investment in the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None.
3. Describing the process undertaken by the Company on environmental pollution improvement for the most recent two years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described: The Company has no losses or punishments due to environmental pollution in the most recent two years and up to the publication date of the annual report.
4. List losses that occurred to the Company due to environmental pollution and the total punishments imposed in the most recent two years and up to the publication date of the annual report and disclose the future countermeasures and potential expenditures: In the most recent two years and up to the publication date of the prospectus, the Company has no dispute related to pollution, nor punishment due to environmental pollution or compensation arising from disputes.
5. Effects of the current pollution status and its improvement on the earnings, competitive position, and capital expenditure of the Company and the estimated material capital expenditure for environmental protection in the following two years: in the most recent two years and up to the publication date of the annual report, the Company has no dispute related to pollution, nor estimated material capital expenditure for environmental protection.

V. Labor-capital relations

1. Set out the welfare measures, continuing education, training, and retirement systems of employees and their implementation, and the labor-capital agreements and measures for protecting employees' interests
 - (1) Employee benefit measures and the implementation
 - A. Employee insurance
 - a. All employees have participated in labor insurance and health insurance.
 - b. Group insurance: The Company purchases personal accident and medical insurance for employees based on their work nature with the premium borne by the Company.
 - B. Employee bonuses and stock options: Arrangements are made according to relevant laws

and regulations as well as the Company's Articles of Incorporation and relevant regulations.

C. Regular health inspection: The Company organizes regular health inspections for all employees.

D. The Company has established the Employee Benefits Committee and organizes gatherings, trips, and other activities.

(2) Continuing education and training of employees

In response to the long-term development of the Company and the improvement in employee quality, the Company has established its Regulations for Educational Training and organized professional programs for different departments and training and license courses for knowledge required for work. In 2023, a total of 42 employees participated in the continuing professional education of corporate governance and finance and accounting, and continuing professional education relating to auditing, quality, and technology, and the education and training expense was NT\$89 thousand in total. The total training hours of the Group's employees reached 4,142 hours.

(3) Retirement system and its implementation

The retirement regulations of the Company complies with the requirements of the Labor Standard Act. The Company appropriates labor retirement pension allowance at the rate of 2% of the total salaries paid to the account of the Labor Retirement Pension Allowance Supervisory Committee for saving and expenses. The Company applied for the payment of retirement pension settlement for the old system with the Hsinchu County Government and the retrieval of the balance of labor retirement pension allowance on 26 October 2020 and received the approval letter from the Labor Affairs Department, Hsinchu County Government, on 5 November 2020.

The Labor Pension Act was implemented on 1 July 2005, and the defined appropriation system was adopted. After the implementation, employees may opt to apply the pension requirements related to the "Labor Standard Act" or apply the retirement pension system under the Act and maintain work seniority before the implementation of the Act.

For employees subject to the Act, the employee retirement pension borne by the Company each month shall not be less than 6% of the monthly wages of employees. The Company was established in 2003; therefore, no employee has applied for the receipt of the retirement pension as of today.

(4) Labor-capital agreements and measures for protecting employees' interests:

The Company has harmonious labor-capital relations and primarily adopts labor-capital communication and negotiation to allow both parties to achieve a consensus so as to facilitate the smooth promotion of work.

A. Monthly meeting of employees: Carry out appropriate communication, education, and policy promotion through the meeting, including the operating status, quality targets, environmental policies, establishment of environmental protection-related philosophy, public safety, fire and disaster prevention, and the establishment of other knowledge and concepts of work and life that are beneficial for the Company and employees; by doing so, cultivate the favorable tradition and offer an environment for employees and the Company to jointly learn and grow.

B. Department meeting: Carry out appropriate communication with employees, explore the root issue, and promote corporate policies through the meeting to allow employees to fully understand production technologies, safety and health, and quality control, and to reflect their opinions in due course, and in turn, achieve a consensus.

C. The labor-capital conference and Benefits Committee meeting: Laborers and the management may have discussions on various benefits measures to improve their relations and to provide a reference for administrative management through the meeting.

D. The Company has its working rules in place that specify the behaviors and conduct of employees.

2. List any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to labor disputes and disclose an estimate of possible expenses that could incur currently and in the future and countermeasures:

The Company had no labor disputes since its establishment. Under the circumstances that the Company continues and actively promotes and implements various employee benefit measures in the future, it is estimated that there shall be no loss arising from labor-capital disputes.

VI. Cybersecurity management

1. Describe the cybersecurity risk management structure, the cybersecurity policy, the specific management plan, and the resources invested in cybersecurity management.

- (1) Cybersecurity risk management structure

To ensure the safety of the information assets of the Company, customers, and partners, in light of the information safety risk evaluation and the protection of the interest of the Company and stakeholders, the Company has established the Information Safety Committee and has a dedicated Information Safety Office in place to be in charge of the formulation of the annual information safety principles, supervise and negotiate the overall annual information safety plans and information safety inspection standards. It coordinates relevant resources, cross-department activities, information safety event management, plans for information safety education, and formulates and executes information safety audits. The Information Safety Committee convenes meetings every half-year, examines the determines the information safety and information protection policies, and implements the effectiveness of information safety management measures.

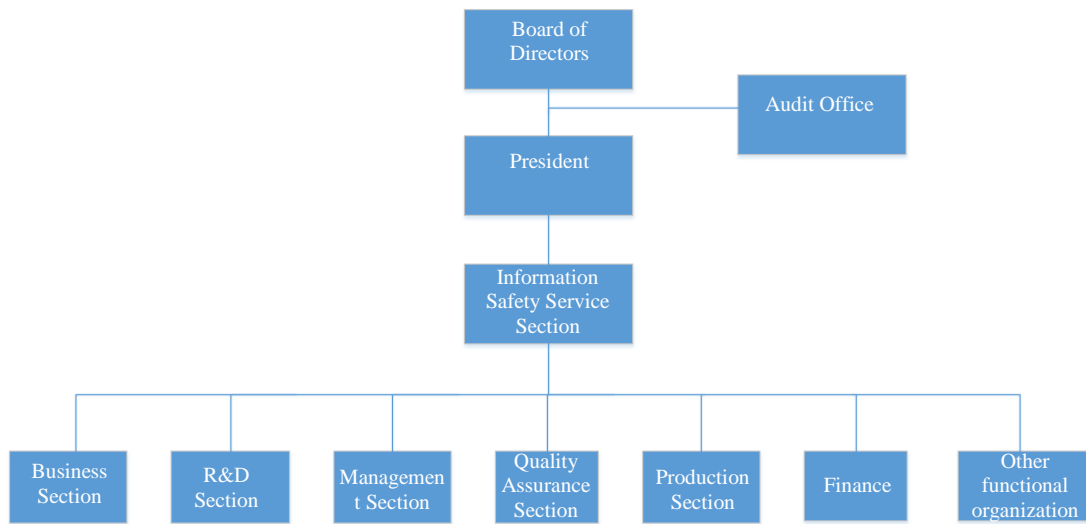
- (2) Cybersecurity policy

Establish information safety policies, Regulations for Information Safety Management, information safety event reports and management operating procedures and formulate the Regulations for Business Secret Management and Regulations for Personal Data Management with reference to the governmental regulations. Collect and analyze the latest regulations related to information safety at all times to formulate or amend relevant regulations, and regularly examine operations related to information safety to be executed to ensure compliance with safety policies.

- (3) Specific management plan and the resources invested in the cybersecurity management

The Company attaches additional attention to information safety risk control and protection, sets up multi-layer information control and protection network with defense in depth, and implements stringent control measures. For example, classification and grading of information assets and control over data transmission to external parties require applications for approval; the mail system protection, control over printing/copying/fax data, network anomaly inspection, and the access of information equipment shall be subject to the application for approval according to the procedures; personal storage devices are forbidden and the use of personal equipment for photos or videos is forbidden; reinforce access control and carry out re-examination regularly regarding the access; provide physical or online programs to carry out information safety educational training for new employees, perform information educational training for new employees on the date they report to work to assist them in understanding relevant information safety specifications, and announce information safety control and material information safety events on a regular basis for awareness promotion; receive material external information sharing, participate in information safety-related or hacker attach/defense technical courses, cultivate information safety technicians, reinforce physical protection, and carry out upgrades, acquisitions or introduce new technologies for information safety control based on the annual plan. In recent years, network attacks frequently occurred, in particular, the blackmailing viruses, causing extensive impacts on a wide range of aspects and great damage to enterprises, and enterprises shall not take such circumstances slightly. The Company has carried out in-depth analysis and exploration of domestic and external material information safety events (i.e., cross-border financial crimes, remote control, blackmailing, secret leakage, and incidents of domestic large-scale semiconductor companies plagued by blackmailing virus), reinforced internal and external network attacks and protection, educational training and awareness promotion, strictly executed the review of firewall policy, mainframe terminal protection, network invasion detection, anti-virus system updates, mainframe and network equipment loophole fixing, real-time attack protection, phishing e-mail detection, anomaly judgment, and computer facilities management. Through the information maintenance platform, the Company regularly carries out system audits and improvements, and introduces new technologies to enhance our data protection. The information safety for the transacting supply chain has also been becoming more material; therefore, the Company attaches particular attention to such area. The Company carries out regular information safety audits with customers or suppliers to satisfy the high specifications and standards of both parties in terms of information safety. The Company adheres to the concept of mutual benefits and joint success and the business philosophy of practicality and realism to create values for customers and shareholders and duly fulfill its social responsibilities.

Information safety management structure



2. List any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impacts therefrom, and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In the most recent year and up to the publication date of the annual report, the Company had no material cybersecurity incident.

VII. Important contracts

None

Six. Finance Overview

I. Condensed balance sheet, income statement, names and opinions of CPAs for the most recent five years

1. Condensed balance sheet

(1) Adoption of IFRSs - Consolidated financial report

Unit: NT\$000'

Item \ Year		Financial data for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,703,173	1,887,625	1,983,837	1,727,300	1,530,615
Property, plant and equipment		548,364	669,270	756,286	827,367	795,144
Intangible assets		533	14,958	13,273	11,844	10,044
Other assets		386,622	305,935	284,918	308,226	307,976
Total assets		2,638,692	2,877,788	3,038,314	2,874,737	2,643,779
Current liabilities	Before distribution	892,672	1,072,850	1,056,263	1,046,381	753,857
	After distribution	917,222	1,195,601	918,782	999,245	Note 2
Non-current liabilities		340,181	232,224	371,260	284,636	371,747
Total liabilities	Before distribution	1,232,853	1,305,074	1,427,523	1,331,017	1,125,604
	After distribution	1,257,403	1,427,825	1,290,042	1,283,881	Note 2
Equity attributable to the owner of the parent company		1,405,839	1,572,714	1,610,791	1,543,720	1,518,175
Share capital		982,009	982,009	982,009	982,009	982,009
Capital reserve		192,899	192,899	192,899	192,899	192,899
Retained earnings	Before distribution	223,567	397,427	447,767	344,701	339,179
	After distribution	199,017	274,676	310,286	297,565	Note 2
Other equity		7,364	379	(11,884)	24,111	4,088
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	1,405,839	1,572,714	1,610,791	1,543,720	1,518,175
	After distribution	1,381,289	1,449,963	1,473,310	1,496,584	Note 2

Note 1: The consolidated financial data from 2019 to 2023 has been audited by CPAs.

Note 2: Pending determination after the shareholders' meeting.

(2) Adoption of IFRSs - Individual financial report

Unit: NT\$000'

Item \ Year		Financial data for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		851,836	879,224	792,519	712,309	604,533
Property, plant and equipment		2,338	1,546	1,126	955	1,165
Intangible assets		533	433	333	233	133
Other assets		1,229,395	1,462,832	1,656,235	1,681,070	1,674,505
Total assets		2,084,102	2,344,035	2,450,213	2,394,567	2,280,336
Current liabilities	Before distribution	400,277	581,612	516,138	616,734	439,807
	After distribution	424,827	704,363	378,657	569,598	Note 2
Non-current liabilities		277,986	189,709	323,284	234,113	322,354
Total liabilities	Before distribution	678,263	771,321	839,422	850,847	762,161
	After distribution	702,813	894,072	701,941	803,711	Note 2
Equity attributable to the owner of the parent company		1,405,839	1,572,714	1,610,791	1,543,720	1,518,175
Share capital		982,009	982,009	982,009	982,009	982,009
Capital reserve		192,899	192,899	192,899	192,899	192,899
Retained earnings	Before distribution	223,567	397,427	447,767	344,701	339,179
	After distribution	199,017	274,676	310,286	297,565	Note 2
Other equity		7,364	379	(11,884)	24,111	4,088
Treasury shares		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	1,405,839	1,572,714	1,610,791	1,543,720	1,518,175
	After distribution	1,381,289	1,449,963	1,473,310	1,496,584	Note 2

Note 1: The individual financial data from 2019 to 2023 has been audited by CPAs.

Note 2: Pending determination after the shareholders' meeting.

2. Condensed income sheet
(1) Adoption of IFRSs - Consolidated financial report

Unit: NT\$000'

Unit: NT\$000

Item \ Year		Financial data in the most recent five years (Note)				
		2019	2020	2021	2022	2023
Operating income		1,881,813	1,743,215	1,957,145	1,647,874	1,548,510
Gross profit		381,145	469,110	543,813	360,543	338,993
Operating gain or loss		109,569	209,602	262,901	113,213	81,624
Non-operating income and expenses		(61,642)	17,584	1,208	(60,770)	(31,719)
Net profit before tax		47,927	227,186	264,109	52,443	49,905
Net profit of continuing operations for the period		35,598	158,414	173,091	34,415	36,322
Losses of discontinued operations		—	—	—	—	—
Net profit (loss) for the period		35,598	158,414	173,091	34,415	36,322
Other comprehensive income for the period (net amount after tax)		(92,854)	33,011	(12,263)	35,995	(14,731)
Total comprehensive income for the period		(57,256)	191,425	160,828	70,410	21,591
Net profit attributable to the owner of the parent company		35,598	158,414	173,091	34,415	36,322
Net profit attributable to non-controlling interests		—	—	—	—	—
Total comprehensive income attributable to the owner of the parent company		(57,256)	191,425	160,828	70,410	21,591
Total comprehensive income attributable to non-controlling interests		—	—	—	—	—
Earnings per share (NT\$)	Basic earnings per share	0.36	1.61	1.76	0.35	0.37
	Diluted earnings per share	0.36	1.59	1.74	0.35	0.37

Note: The consolidated financial data from 2019 to 2023 has been audited by CPAs.

(2) Adoption of IFRSs - Individual financial report

Unit: NT\$000'

Item \ Year		Financial data in the most recent five years (Note)				
		2019	2020	2021	2022	2023
Operating income		1,096,055	1,182,412	1,203,537	1,116,365	991,610
Gross profit		133,204	126,760	132,582	110,425	101,972
Operating gain or loss		59,474	42,231	40,257	43,608	33,571
Non-operating income and expenses		(11,761)	158,784	183,340	9,626	11,642
Net profit before tax		47,713	201,015	223,597	53,234	45,213
Net profit of continuing operations for the period		35,598	158,414	173,091	34,415	36,322
Losses of discontinued operations		—	—	—	—	—
Net profit (loss) for the period		35,598	158,414	173,091	34,415	36,322
Other comprehensive income for the period (net amount after tax)		(92,854)	33,011	(12,263)	35,995	(14,731)
Total comprehensive income for the period		(57,256)	191,425	160,828	70,410	21,591
Net profit attributable to the owner of the parent company		—	—	—	—	—
Net profit attributable to non-controlling interests		—	—	—	—	—
Total comprehensive income attributable to the owner of the parent company		—	—	—	—	—
Total comprehensive income attributable to non-controlling interests		—	—	—	—	—
Earnings per share (NT\$)	Basic earnings per share	0.36	1.61	1.76	0.35	0.37
	Diluted earnings per share	0.36	1.59	1.74	0.35	0.37

Note: The individual financial data from 2019 to 2023 has been audited by CPAs.

(II) Names and opinions of CPAs for the most recent five years

1. Names and opinions of CPAs for the most recent five years

Year	CPA's firm	Name of CPA	Audit opinion
2019	Ernst & Young	Mars Hong and Julia Lo	Unqualified opinion
2020	Ernst & Young	Mars Hong and Julia Lo	Unqualified opinion
2021	Ernst & Young	Chen Kuo-Shuai and Mars Hong	Unqualified opinion
2022	Ernst & Young	Chen Kuo-Shuai and Mars Hong	Unqualified opinion
112	Ernst & Young	Chen Kuo-Shuai, Cheng-Wei Lin	Unqualified opinion

2. Description of changes in CPAs in the most recent five years: Internal duty adjustment of the CPA's firm

II. Financial analysis for the most recent five years

1. Financial ratio analysis of the Company and subsidiaries - Adoption of IFRSs

(1) Consolidated financial report

Analysis item \ Year		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	46.72	45.35	46.98	46.30	42.58
	Ratio of long-term capital to property, plant and equipment	318.41	269.69	262.08	220.98	237.68
Solvency (%)	Current ratio	190.79	175.94	187.82	165.07	203.04
	Quick ratio	160.59	151.41	162.20	139.75	173.07
	Interest coverage ratio	2.91	12.29	22.37	3.92	2.72
Operating performance	Receivables turnover (time)	1.87	1.78	2.05	1.99	2.03
	Average collection days	195	205	178	183	180
	Inventory turnover (time)	4.73	5.37	5.89	5.33	5.37
	Payables turnover (time)	5.68	4.92	6.68	8.24	8.85
	Average sales day	77	68	62	68	68
	Property, plant and equipment turnover (time)	4.20	2.86	2.75	2.08	1.91
	Total assets turnover (time)	0.71	0.63	0.66	0.56	0.56
Profitability	Return on assets (%)	2.11	6.33	6.19	1.65	2.16
	Return on equity (%)	2.44	10.64	10.87	2.18	2.37
	Ratio of net profit before tax to paid-in capital (%)	4.88	23.13	26.89	5.34	5.08
	Profit margin (%)	1.89	9.09	8.85	2.09	2.35
	Earnings per share (NT\$)	0.36	1.61	1.76	0.35	0.37
Cash flows	Cash flow ratio (%)	26.45	22.68	24.04	26.97	4.03
	Cash flow adequacy ratio (%)	110.97	102.27	87.73	72.20	85.31
	Cash reinvestment ratio (%)	8.96	10.07	5.49	6.29	(0.70)
Leverage	Operating leverage	9.79	1.77	2.12	8.73	11.17
	Financial leverage	1.30	1.11	1.05	1.19	1.55

Note 1: The consolidated financial data from 2019 to 2023 has been audited by CPAs.

Note 2: The calculation formulas are as follows:

(1) Financial structure

①Debt ratio = Total liabilities/total assets.

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

(2) Solvency

①Current ratio = Current assets/current liabilities.

②Quick ratio = (Current assets - inventory - prepayments)/current liabilities.

③Interest coverage ratio = Net profit before tax and interest expenses/interest expenses for the period.

(3) Operating performance

①Receivables turnover = Net sales/balance of average receivables of each period.

②Average collection day = 365/receivables turnover.

③Inventory turnover = Cost of sales/average inventory.

④Payables turnover = Cost of sales/balance of average payables of each period.

⑤Average sales day = 365/inventory turnover.

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

⑦Total asset turnover = Net sales/average total assets.

(4) Profitability

①Return on assets = [Profit or loss after tax + interest expenses × (1 - tax rate)]/average total assets.

②Return on equity = Profit or loss after tax/average net equity.

- ③ Profit margin = Profit or loss after tax/net sales.
- ④ Earnings per share = (Profit or loss attributable to the owner of the parent company - preferred shares dividends)/weighted average number of issued shares.
- (5) Cash flows
 - ① Cash flow ratio = Net cash flows from operating activities/current liabilities.
 - ② Net cash flow adequacy ratio = Net cash flows from operating activities for the most recent five years/(capital expenditures + inventory increment + cash dividends) for the most recent five years.
 - ③ Cash reinvestment ratio = (Net cash flows from operating activities - cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital).
- (6) Leverage
 - ① Operating leverage = (Net operating income - variable operating costs and expenses)/operating gains.
 - ② Financial leverage = Operating gains/(operating gains - interest expenses).

Reasons for changes in financial ratios in the most recent two years (with changes reaching 20%):

1. Current ratio and quick ratio: Due to the decrease in short-term borrowings and the renewal of long-term borrowings due within one year transferred to non-current liabilities, the current liabilities decreased from the previous period, so both the current ratio and the quick ratio increased from the same period last year.
2. Interest coverage ratio: Lower interest coverage ratio compared to the same period last year due to an increase in current interest expense.
3. Return on assets: The return on assets increased from the same period last year due to the increase in current profit.
4. Cash flow ratio and cash reinvestment ratio: Due to the decrease in current net cash inflow from operating activities, the related cash flow ratio decreased year-on-year.
5. Operating leverage: Due to the decreased current profit margin resulting in reduced operating profits, the operating leverage increased YoY.
6. Financial leverage: Due to the increase in interest expense as a result of interest rate hikes in the current period, the financial leverage increased from the same period last year.

(2) Individual financial report

<div>Year</div> <div>Analysis item</div>		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	32.54	32.91	34.26	35.53	33.42
	Ratio of long-term capital to property, plant and equipment	72,019.89	113,998.90	171,765.10	186,160.52	157,985.32
Solvency (%)	Current ratio	212.81	151.17	153.55	115.50	137.45
	Quick ratio	208.87	149.42	151.40	113.90	134.71
	Interest coverage ratio	13.28	40.58	59.11	11.03	8.88
Operating performance	Receivables turnover (time)	1.80	2.08	2.15	2.48	2.88
	Average collection days	203	175	170	147	127
	Inventory turnover (time)	127.25	108.02	134.42	132.02	114.83
	Payables turnover (time)	3.46	3.81	3.59	3.32	3.18
	Average sales day	3	3	3	3	3
	Property, plant and equipment turnover (time)	376.26	608.86	900.85	1,072.91	935.48
	Total assets turnover (time)	0.52	0.53	0.50	0.46	0.42
Profitability	Return on assets (%)	1.84	7.34	7.35	1.60	1.75
	Return on equity (%)	2.44	10.64	10.87	2.18	2.37
	Ratio of net profit before tax to paid-in capital (%)	4.86	20.47	22.77	5.42	4.60
	Profit margin (%)	3.25	13.40	14.38	3.08	3.66
	Earnings per share (NT\$)	0.36	1.61	1.76	0.35	0.37
Cash flows	Cash flow ratio (%)	(22.26)	9.13	11.56	53.66	(19.34)
	Cash flow adequacy ratio (%)	97.39	77.07	36.50	79.56	68.67
	Cash reinvestment ratio (%)	(8.22)	1.62	(3.26)	10.84	(7.18)
Leverage	Operating leverage	1.85	2.93	3.21	2.45	2.92
	Financial leverage	1.07	1.14	1.11	1.14	1.21

Note 1: The individual financial data from 2019 to 2023 has been audited by CPAs.

Note 2: The calculation formulas are as follows:

(1) Financial structure

①Debt ratio = Total liabilities/total assets.

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

(2) Solvency

①Current ratio = Current assets/current liabilities.

②Quick ratio = (Current assets - inventory - prepayments)/current liabilities.

③Interest coverage ratio = Net profit before tax and interest expenses/interest expenses for the period.

(3) Operating performance

①Receivables turnover = Net sales/balance of average receivables of each period.

②Average collection day = 365/receivables turnover.

③Inventory turnover = Cost of sales/average inventory.

④Payables turnover = Cost of sales/balance of average payables of each period.

⑤Average sales day = 365/inventory turnover.

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

⑦Total asset turnover = Net sales/average total assets.

(4) Profitability

①Return on assets = [Profit or loss after tax + interest expenses × (1 - tax rate)]/average total assets.

②Return on equity = Profit or loss after tax/average net equity.

③Profit margin = Profit or loss after tax/net sales.

④Earnings per share = (Profit or loss attributable to the owner of the parent company - preferred shares dividends)/weighted average number of issued shares.

(5) Cash flows

①Cash flow ratio = Net cash flows from operating activities/current liabilities.

②Net cash flow adequacy ratio = Net cash flows from operating activities for the most recent five years/(capital expenditures + inventory increment + cash dividends) for the most recent five years.

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

(6) Leverage

①Operating leverage = (Net operating income - variable operating costs and expenses)/operating gains.

②Financial leverage = Operating gains/(operating gains - interest expenses).

Reasons for changes in financial ratios in the most recent two years (with changes reaching 20%):

1. Cash flow ratio and cash reinvestment ratio: Due to the net outflow of cash flow from operating activities, the related cash flow ratio decreased from the same period last year.

III. Audit committee's review report of the most recent annual financial report:

Audit Committee's Review Report of Asia Electronic Material Co., Ltd.

The Board of Directors has duly prepared the Company's Business Report, consolidated financial statements, individual financial statements, and proposal for earnings distribution for 2023. The consolidated financial statements and individual financial statements have been duly audited and verified by CPAs Chen Kuo-Shuai and Cheng-Wei Lin from Ernst & Young, and they have issued the auditor's report.

We have reviewed the abovementioned Business Report, consolidated financial statements, individual financial statements, and the proposal for earning distribution, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

Yours sincerely

Asia Electronic Material Co., Ltd.

Audit Committee, Asia Electronic Material Co., Ltd.

Convener: Hsu, Ke-Ying

February 27, 2024

IV. Annual financial report for the most recent year

Please refer to Page 131 to Page 226

V. Individual financial report for the most recent year audited and certified by CPAs

Please refer to Page 227 to 319.

VI. If the Company and its affiliates have experienced financial difficulties in the most recent year and up to the date of publication of the annual report, explain how said difficulties affect the Company's financial conditions

None.

Seven. Review and analysis of the financial condition and financial performance and evaluation of risk management

I. Analysis of financial condition

1. Consolidated balance sheet - Adoption of IFRSs

Unit: NT\$000'

Item \ Year	2023	2022	Difference	
			Amount increased (decreased)	Percentage of change (%)
Current assets	1,530,615	1,727,300	(196,685)	-11.39%
Non-current assets	1,113,164	1,147,437	(34,273)	-2.99%
Total assets	2,643,779	2,874,737	(230,958)	-8.03%
Current liabilities	753,857	1,046,381	(292,524)	-27.96%
Non-current liabilities	371,747	284,636	87,111	30.60%
Total liabilities	1,125,604	1,331,017	(205,413)	-15.43%
Share capital	982,009	982,009	0	0.00%
Capital reserve	192,899	192,899	0	0.00%
Retained earnings	339,179	344,701	(5,522)	-1.60%
Other equity	4,088	24,111	(20,023)	-83.05%
Total equity	1,518,175	1,543,720	(25,545)	-1.65%
<p>For changes between the former and the latter period reaching 20% and the amount of change reaching NT\$10 million or above, the main reasons and the effects are analyzed and described as follows:</p> <ol style="list-style-type: none"> 1. Current liabilities: Due to the repayment of short-term borrowings and the renewal of long-term borrowings due within one year transferred to non-current liabilities, current liabilities decreased from the same period last year. 2. Non-current liabilities: Due to the renewal of long-term loans due within one year and transferred to non-current liabilities, non-current liabilities increased from the same period last year. 3. Other equity: due to changes in the exchange difference from the translation of the financial statement of foreign operations, other equity decreased from the same period of last year. 				

2. Individual balance sheet - Adoption of IFRSs

Unit: NT\$000'

Item \ Year	2023	2022	Difference	
			Amount increased (decreased)	Percentage of change (%)
Current assets	604,533	712,309	(107,776)	-15.13%
Non-current assets	1,675,803	1,682,258	(6,455)	-0.38%
Total assets	2,280,336	2,394,567	(114,231)	-4.77%
Current liabilities	439,807	616,734	(176,927)	-28.69%
Non-current liabilities	322,354	234,113	88,241	37.69%
Total liabilities	762,161	850,847	(88,686)	-10.42%
Share capital	982,009	982,009	0	0.00%
Capital reserve	192,899	192,899	0	0.00%
Retained earnings	339,179	344,701	(5,522)	-1.60%
Other equity	4,088	24,111	(20,023)	-83.05%
Total equity	1,518,175	1,543,720	(25,545)	-1.65%
<p>For changes between the former and the latter period reaching 20% and the amount of change reaching NT\$10 million or above, the main reasons and the effects are analyzed and described as follows:</p> <ol style="list-style-type: none"> 1. Current liabilities: Due to the renewal of long-term loans due within one year and transferred to current liabilities, non-current liabilities decreased from the same period last year. 2. Non-current liabilities: Due to the renewal of long-term loans due within one year and transferred to non-current liabilities, non-current liabilities increased from the same period last year. 3. Other equity: due to changes in the exchange difference from the translation of the financial statement of foreign operations, other equity decreased from the same period of last year. 				

II. Financial performance:

1. Consolidated income statement - Adoption of IFRSs

Unit: NT\$000'

Item	2023	2022	Amount increased (decreased)	Percentage of change (%)
Operating income	1,548,510	1,647,874	(99,364)	-6.03%
Operating costs	1,209,517	1,287,331	(77,814)	-6.04%
Gross profit	338,993	360,543	(21,550)	-5.98%
Operating expenses	257,369	247,330	10,039	4.06%
Operating gains (losses)	81,624	131,213	(49,589)	-37.79%
Non-operating income and expenses	(31,719)	(60,770)	29,051	-47.80%
Net profit (loss) before tax	49,905	52,443	(2,538)	-4.84%
Income tax expenses (gains)	13,583	18,028	(4,445)	-24.66%
Net profit (loss) for the period	36,322	34,415	1,907	5.54%
Other comprehensive income for the period (net after tax)	(14,731)	35,995	(50,726)	-140.93%
Total comprehensive income for the period	21,591	70,410	(48,819)	-69.34%
<p>For changes between the former and the latter period reaching 20% and the amount of change reaching NT\$10 million or above, the main reasons and the effects are analyzed and described as follows:</p> <ol style="list-style-type: none"> 1. Operating gains (losses): Operating gains decreased due to the decrease in operating income during the period. 2. Non-operating income and expenses: Primarily due to the decrease in currency exchange losses from exchange rate fluctuation recognized during the period. 3. Other comprehensive income for the period (net after tax): Due to the appreciation of NTD against the USD during the period, the exchange differences arising from the translation of financial statements of overseas operations decreased; furthermore, due to the recognition of the unrealized valuation differences of securities held by investees based on fair value valuation, other comprehensive income for the period (net after tax) decreased as compared to the same period last year. 4. Total comprehensive income for the current period: Due to the decrease in other comprehensive income (net amount after tax) for the current period, the total comprehensive income for the current period decreased from the same period last year. 				

2. Individual balance sheet - Adoption of IFRSs

Unit: NT\$000'

Item	2023	2022	Amount increased (decreased)	Percentage of change (%)
Operating income	991,610	1,116,365	(124,755)	-11.18%
Operating costs	889,638	1,005,940	(116,302)	-11.56%
Gross profit	101,972	110,425	(8,453)	-7.65%
Unrealized losses (gains) of sales	(4,024)	1,183	(5,207)	-440.15%
Operating expenses	72,425	65,634	6,791	10.35%
Operating gains (losses)	33,571	43,608	(10,037)	-23.02%
Non-operating income and expenses	11,642	9,626	2,016	20.94%
Net profit (loss) before tax	45,213	53,234	(8,021)	-15.07%
Income tax expenses (gains)	8,891	18,819	(9,928)	-52.76%
Net profit of continuing operations for the period	36,322	34,415	1,907	5.54%
Other comprehensive income for the period (net after tax)	(14,731)	35,995	(50,726)	-140.93%
Total comprehensive income for the period	21,591	70,410	(48,819)	-69.34%
<p>For changes between the former and the latter period reaching 20% and the amount of change reaching NT\$10 million or above, the main reasons and the effects are analyzed and described as follows:</p> <ol style="list-style-type: none"> 1. Operating income: Due to the decrease in revenue and the increase in operating expenses, the operating income decreased year-on-year. 2. Other comprehensive income for the period (net after tax): Due to the appreciation of NTD against the USD during the period, the exchange differences arising from the translation of financial statements of overseas operations decreased; furthermore, due to the recognition of the unrealized valuation differences of securities held by investees based on fair value valuation, other comprehensive income for the period (net after tax) decreased as compared to the same period last year. 3. Total comprehensive income for the current period: Due to the decrease in other comprehensive income (net amount after tax) for the current period, the total comprehensive income for the current period decreased from the same period last year. 				

3. Estimated sales volume for the following year and its basis:

Based on the current progress of customers, overview of the industry, market scale, and the growing status, it is estimated that the sake volume in the following will maintain a stable growth as compared to the preceding year, which offers a positive assistance to the Company in terms of finance in the future, which renders positive assistance to the finance of the Company.

III. Analysis of cash flows

1. Analysis and description of changes in cash flows during the most recent year:

- (1) Operating activities: The net cash inflow for the current period was NT\$30,380 thousand, a decrease of NT\$251,777 thousand compared to the previous period, mainly due to fewer sales of accounts receivable in 2023, resulting in net cash inflow from overall operating activities.
- (2) Investing activities: The net cash outflow for the current period was NT\$42,439 thousand, a decrease of NT\$112,819 thousand from the previous period, mainly due to the lower capital expenditures in 2023, which were paid for the equipment and construction of the reinvested subsidiaries in Mainland China in 2022 .
- (3) Financing activities: The net cash outflow for the current period was NT\$266,297 thousand, an increase of NT\$152,808 thousand compared to the previous period, mainly due to the decrease in short-term debts in the current period.

2. Improvement plan for insufficient liquidity: None.

3. Liquidity analysis for the following year:

- (1) Operating activities: Primarily due to the growth of the operating scale and more efforts put into the collection of receivables, the cash inflow from operating activities and the cash expenditure for material purchases and operating expenses are expected to be NT\$2,433,248 thousand and NT\$2,246,194 thousand, respectively, which will result in a net cash inflow from operating activities of NT\$187,054 thousand.
- (2) Investing activities: In response to the Company's business needs, it is estimated that investee subsidiaries will need to invest additional NT\$67,318 thousand in purchasing equipment in the period.
- (3) Financing activities: Primarily due to the cash inflow from bank borrowings of NT\$85,121 thousand and the distribution of cash dividends of NT\$49,100 thousand, which resulted in the net cash outflow from financing activities of NT\$36,021 thousand.

IV. Effect of major capital expenditures on finance and business in the most recent year

To expand the market in Mainland China and develop the local supply chain, the Board of the Company resolved to invest in a newly established electronic functional material project in Dongtai Economic Development Zone, Jiangsu, on 27 April 2018. The Company transferred the investment amount of RMB 30,000 thousand, RMB 20,000 thousand, and RMB 20,000 thousand (totaling RMB 70,000 thousand) in 2018, 2019, and 2021, respectively, by way of reinvestments from the distribution of the earnings of Kunshan Aplus Tec. Corporation via Ammon Tec. Investment Corp., a subsidiary of the Company's investee Asia Electronic Material holding (Samoa) Co., Ltd., to acquire the entire equity of Aplus Tec. Corporation (Dongtai). After the transfer of investing amount by the partnership formed by employees, Aplus Tec. Corporation (Dongtai) will be owned by Ammon Tec. Investment Corp. and the partnership formed by employees by 85% and 15%, respectively. As of the date of the financial report, the investment project is undergoing.

As of December 31, 2023, the details of the outstanding material property, plant and equipment contracts are as follows: (foreign currencies: thousand)

Nature of contract	Amount of contract	Amount paid	Amount unpaid
Plant construction	RMB 83,591	RMB 82,526	RMB1,065

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plans for the following year

Unit: NT\$/foreign currencies 000'

Company name	Main scope of business	(Losses) gains on investees	(Losses) gains on investments recognized during the period
Asia Electronic Material Holding (Samoa) Co., Ltd.	Investment	22,533	22,533
Besttrade Co., Ltd.	Electronic material trading and import/export	(1,677)	(1,677)
Director, Ammon Tec. Investment Corp.	Investment	22,533	22,533
Kunshan Aplus Tec. Corporation	Production of FPC base materials and protective films	51,389	51,389
Aplus Tec. Corporation (Dongtai)	Production of multilayer FPC, CCL, and development of electronic materials	(28,856)	(28,856)

Regarding the investments of the Company in the most recent year, Kunshan Aplus Tec. Corporation recorded a YoY reduction in profits for the period due to the depreciation of the RMB against the USD; Aplus Tec. Corporation (Dongtai) experienced losses throughout the year as a result of reduced operating income caused by a market downturn and the depreciation of the RMB against the USD.

The Company will continue to enhance the account collection from customers and inventory control and reduce bad debts of accounts receivable and slow-moving inventories. In addition, the Company has no new investment plan for the following year.

VI. Risk analysis

(I) Risk factors

1. Effects of changes in the interest rate and exchange rate and inflation on the Company's profit or loss in the most recent year and up to the publication date of the annual report and future countermeasures

Unit: NT\$000'; %

Item	Year	2022	2023
Consolidated interest income (1)		2,636	3,315
Consolidated interest expense (2)		17,990	29,097
Consolidated exchange (losses) gains (3)		(46,988)	(14,175)
Consolidated net operating income		1,647,874	1,548,510
Consolidated net profit before tax (4)		52,443	49,905
Ratio of consolidated interest income to consolidated net profit before tax (%) (1)/(4)		5.03	6.64
Ratio of consolidated interest expense to consolidated net profit before tax (%) (2)/(4)		34.30	58.30
Ratio of consolidated exchange (losses) gains to consolidated net profit before tax (%) (3)/(4)		(89.60)	(28.40)

Source: Financial reports certified by CPAs.

(1) Interest rate

The ratio of consolidated interest income and consolidated interest expense to consolidated net profit before tax of the Company and its subsidiaries in 2022 was 5.03% and 34.30%, respectively, and the ratio of consolidated interest income and consolidated interest expense to consolidated net profit before tax in 2023 was 6.64% and 58.30%, respectively. Both the ratio of interest income to net profit before tax and the ratio of interest expense to net profit before tax in 2023 increased as compared to 2022, primarily due to the interest rate hike

and the decrease in net profit before tax in 2023.

The requirement of working capital of the Company is primarily from the issuance of securities, self-owned funds, and operating profits of the Company, supplemented by bank facilities; therefore, changes in interest rate have no significant effect on the Company's profit or loss. The Company also keeps abreast of changes in the interest rate at all times and adopts necessary countermeasures to minimize the effects of changes in the interest rate on the Company's profit or loss.

(2) Exchange rate

The suppliers of purchases and customers of sales of the Company and its subsidiaries are mostly overseas suppliers and customers. In 2022 and 2023, the consolidated exchange gains (losses) were NT\$(46,988) thousand and NT\$(14,175) thousand, respectively, accounting for (89.60)% and (28.40)% of consolidated net profits before tax. Even if changes in exchange rates have effects on the Company's operating income and profits, the Company adopts the principle of conservatism for the management of funds in foreign currencies and spares no effort in avoiding unfavorable effects that may arise from changes in exchange rates. Financial personnel of the Company also keep close contact with banks and collect information related to exchange rates in the hope of comprehensively understanding of the development of exchange rates. Apart from receivables, income/expenses, and payables in foreign currencies, when making quotations, the business department also fully considers the adjustments to selling prices arising from changes in exchange rates to ensure our benefits and eliminate, as much as possible, the effects of fluctuation in the exchange rate on profit or loss.

(3) Inflation

The Company was not materially affected by inflation. Furthermore, transaction prices between the Company and its customers and suppliers are, in principle, flexibly adjusted subject to market development; therefore, inflation has limited effects on the Company's profit or loss.

2. Policies regarding high-risk investments, high-leverage investments, loans to others, endorsement/guarantees, and derivative transactions, main reasons for gains or losses, and countermeasures in the future

(1) Loans to others

Regarding loans of Kunshan Aplus Tec. Corporation, an investee of the Company, to Aplus Tec. Corporation (Dongtai), another investee of the Company, all procedures were performed in accordance with the "Procedures for Loans to Others" of the Company and announced and declared on MOPS.

(2) Endorsement and guarantee

The endorsement/guarantee provided by the Company is to assist investees in acquiring bank facility limits, and all procedures were performed in accordance with the "Procedures for Endorsements and Guarantees" of the Company.

(3) Derivatives

The Company has always adhered to its major business and the principle of pragmatism for its operations, and the principle of conservatism is adopted for its financial policies. The Company has not engaged in any high-risk or high-leverage investments. In addition, as of the publication date of the annual report, the Company has not engaged in any derivative transaction.

Countermeasures:

In the future, the Company will continue to focus on its major business operations. For policies of loans to others, endorsement and guarantee, and derivative transactions, the Company will comply with the requirements under its "Procedures for Loans to Others," "Procedures for Endorsements and Guarantees," and "Procedures for Derivative Transactions" and consider our financial and business requirements for such matters.

3. Future R&D plan and R&D expenses expected to be invested

(1) Future R&D plan

The research development of the Company will primarily focus on the core technologies of "precision coating" and "high-performance adhesives," and the diversified products and applications derived. The Company will primarily carry out its new product R&D based on three major aims, including thin and colorful FPC, high-frequency and high-speed FPC, and FPC functionalization. For instance, we cooperate with PI suppliers to develop thin, low-CTE, and low-glossiness cover lays (black, white, and transparent),

high-frequency EMI shielding materials, conductive materials, and high reflection materials required by system application customers, and low-K FPC basic materials; by doing so, we replace import materials and improve the operating income and profits of the Company. The major development direction is as follows:

Requirements for thin FPC high-density assembly - Continue to develop materials of cover lays within a general cover lay thickness of less than 20um. The Company intends to apply the 9um, 7.5um, and 5um black and yellow PI films or 5um and 8um black and yellow coated PI (with adjustable thickness), together with the Company's 10um, 8um, and 5um adhesives of high peel strength and high flow characteristic for the industry requirements and adopt new structure and manufacturing procedures to develop rolled copper foil below 9um to align with the high-density assembly and thin FPC trends and requirements in the future.

FPC colorization - Apart from continuing to maintain the production of the existing yellow and black cover lays, The Company will perform R&D on high reflection coverlays, white and transparent coverlays, FCCL, and white EMI in response to the demand for automotive and LED lighting.

High-frequency FPC - Develop basic materials, including high-frequency FCCL, cover lays, bonding sheets, bondply, and FRCC, through the transformation of PI materials to satisfy the requirements of end customers for high-end communication products, improve the convenience and universality of materials used by customers, and reduce and introduction threshold of materials. In addition, for the development of high-frequency EMI shielding materials, apart from continuing to expand the market share of existing products, the Company continues to develop materials with a shielding rate ranging from 80dB to 100dB to satisfy the requirements of high-end and high-frequency applications.

FPC functionalization - Apart from continuing the production and sales of conductive FPC, the Company will focus on and plan for FPC materials embedded in active and passive elements in the long run (i.e., R&D for printed resistors and high dielectric constant capacitor materials) to achieve the purpose of compressed packaging and electrical property improvement of FPC and prepare materials and technologies for wearable devices in the future. Together with the development of printing technologies, the Company intends to carry out research on printed circuit material technologies through planning or the cooperation model to set foot in the FPC industry of green manufacturing.

R&D item	Description of usage
High-frequency FPC material	(1) High-frequency MPI materials: Entering into the 5G era, cloud calculation, products with integrated functions, and the high-quality and high-speed transmission of electronic communication products have become inevitable trends. The requirement for portable and wearable electronic products and automotive electronics for light and thin FPC for assembly will be increasing; however, the demand for high-transmission speed and quality of FPC also arises; for instance, the wireless communication antenna and wiring for smartphones, tablets, and certain wearable electronic products will be required to improve its bandwidth and transmission speed. Therefore, the demand for FPC materials with a high-frequency electric property, low dielectric constant, and low dielectric loss have risen. In response to the requirements of end application products and customers, certain high-frequency materials were sold to customers in Taiwan and the U.S. in 2015 and further penetrated the material end application field in the U.S. in 2016. In the future, the Company intends to carry out customized R&D based on the requirements of individual customers and requirements of end product development to achieve the double targets of timeliness and efficiency, realize R&D benefits, and reduce R&D costs. In addition, the combination of the new generation high-frequency substrate and the Company's high-frequency cover lay/high-frequency bonding sheet/high-frequency EMI shielding film is able to provide comprehensive high-frequency

R&D item	Description of usage
	<p>and high-speed transmission FPC solutions for customers.</p> <p>(2) Fluorine series substrate: PTFE is the resin material with the lowest dielectric constant and coefficient of dielectric loss; the fluorine series substrate from which it is made shows high flexibility and low transmission consumption in mmWave and is able to realize 5G and higher versions of telecommunication. In addition, PTFE possesses outstanding flexibility and is applicable to products that are required to be installed on curves. It can be used in the wiring of data centers, antenna and wiring materials of 5G stations and end equipment, radars, and sensors. During the year, the Company has been committed to the development of fluorine series substrate to develop products with low moisture absorption and low thermal expansion. Meanwhile, we made arrangements for different patents to create early opportunities for the 5G and mmWave era.</p>
High-frequency EMI shielding materials	<p>When applying FPC to mobile communication systems, under the high-frequency trend of communication systems, the EMI issues will have to be solved; in particular, for display panels and touch panels that emphasize high definition and the reaction velocity, attaching EMI shielding films is necessary. Furthermore, the current smart and electronic level and scope of the automotive market have become more popularized, and its demand for EMI shielding film materials is also the target for the Company's efforts spent on promotion. In 2014, the Company successfully performed the mass production of EMI shielding film materials by adopting the new structure and formula designs, making a breakthrough in terms of the prior monopoly status of Japanese companies. In 2016, the Company successfully developed EMI shielding film products with a high price-performance ratio and commenced scaled mass production.</p> <p>To sharpen the competitive edge of our existing products, we developed a new series of EMI shielding film materials this year. In addition to traditional ink EMI, the self-produced PI EMI that features multiple stacking and formula designs has been developed in the hope of meeting different customers' requirements for shielding rate and costs. Furthermore, high dB (≥ 80dB) EMI shielding film is the future market trend. The Company continues to develop extensive products with better EMI shielding effects to respond to the market demand and expand the continual competitive strength of the product category.</p>
Conductive adhesive materials	<p>Conductive adhesive has been a new material that is essential in the electronics industry. Conductive adhesive is an adhesive having a certain level of conductivity after being solidified or dried. It can connect multiple conductive materials to form a circuit. Conductive adhesive can be used in microelectronic assembly, including the connection of thin lead wires and the metal layer or metal chassis of printed circuit boards, electroplated substrates, or ceramic adherends, adhesion of lead wires with sockets, adhesion of components with holes passing through printed circuit boards, and hole fixing. It can also be used to replace spot welding where the welding temperature is higher than the heat resistance temperature of the oxide film formed during welding and substitute for tin and lead solders. It is mainly applied in the following areas: telephones and mobile communication systems, radios, TVs, computers, car industry, medical equipment, and solving EMC issues. In addition to having conductive adhesive that has been put into mass production for marketing, we have a series of new products developed using our own technology on an ongoing basis, e.g., eco-friendly</p>

R&D item	Description of usage
	conductive adhesive with better SAT conductivity in line with future trends.
Cover lay materials	<p>(1) Ion migration-resistant cover lay: The thin and easily portable development trend of mobile phones, notebooks, and other electronic products continued, resulting in the rather concentrated circuit design and narrow gaps between holes and circuits for PCB. To ensure the insulation reliability of products, more and more attention has been attached to the ion migration-resistant feature. Under an environment of high humidity and potential gradient, ion migration occurs to PCB and forms conductive anodic filament (CAF), which is one of the material reasons that results in malfunctions. The development of ion migration-resistant materials can satisfy the requirement for ion migration of PCB; such materials adapt to the trend of high-density interconnected development of electronics and possess broad future prospects in the market. During the year, the Company continued the sales of its existing ion-resistant migration cover lay; it has also developed ion-resistant migration cover lays with different resin series, and such cover lays possess favorable ion migration resistance effects and high price-performance ratio; currently, the Company continues to make promotions to customers.</p> <p>(2) Self-produced PI cover lay: Our self-produced PI has the advantages of adjustable thickness and a high price-performance ratio. The Company is committed to the development of self-produced yellow/black PI cover lay. Our formula design allows the black PI to maintain good mechanical performance and be resistant to height differences. Both our yellow PI and black PI offer a breakdown voltage and dielectric strength higher and better than those of outsourced PI, showing a high price-performance ratio. In addition, they can be used with different adhesive layers that can meet customers' different requirements for costs and ion migration resistance.</p> <p>(3) High-Tg cover lay: In response to customers' needs for a high Tg (90~150°C) for high heat resistance and bending resistance, we have developed products with a high Tg up to about 100°C and they are to be sampled and tested.</p> <p>(4) Transparent cover film: In recent years, mobile phones with transparent displays and foldable screens have emerged one after another. With the popularity of new technologies such as 5G and the Internet of Things, transparent screens will be combined with technologies such as AI and virtual reality to present more diversified application forms, the Company has also developed transparent coverlays in response to market trends.</p>

(2) The future R&D expenses of the Company will be adjusted appropriately based on the product development progress and the estimated operating income status; it is estimated that the consolidated R&D expenses in 2024 shall be approximately NT\$82,009 thousand.

4. Effect of changes in domestic and foreign policies and laws of significance on the finance and business of the Company and countermeasures

The Company keeps abreast of the changes in domestic and foreign policies and laws of significance and evaluates their effects on the Company. As of the publication date of the annual report, there were no effects on the Company's finance and business due to changes in domestic and foreign policies and laws of significance.

5. Effect of technological changes and industrial changes on the Company's finance and business, and countermeasures

The Company possesses multiple patents for its products. In the future, the Company will

continue to increase investments in R&D and keep abreast of technological changes and industrial changes; therefore, technological changes and industrial changes have no material effects on the Company's finance and business.

6. Effect of changes in the corporate image on corporate crisis management and countermeasure

Since its establishment, the Company has been committed to maintaining a favorable corporate image and complying with regulatory specifications. As of the publication date of the annual report, there has been no circumstance that occurred that may affect our corporate image.

7. Expected benefits and possible risks related to mergers and acquisitions and countermeasures

In the most recent year and up to the publication date of the annual report, the Company has no plans for a merger or acquisition.

8. Expected benefits and possible risks related to plant expansion and countermeasures

In the most recent year and up to the publication date of the annual report, the Company has no plans for plant expansion.

9. Risks related to concentrated sales or purchases and countermeasures

(1) Risks related to concentrated purchases

Under the effects of industry characteristics, based on the quality stability of products and raw materials designated by customers, the raw materials are majorly sourced from a few large-scale companies overseas. Based on the risk considerations, the Company made purchases from suppliers in Japan, Taiwan, and Korea for PIs, accounting for the major part of raw materials, and made purchases from Mitsui Mining & Smelting and Fukuda Metal Foil & Powder for copper foils to ensure the competitiveness of the procurement price in the market and the sufficient source of supplies. In general, the quality and term of deliveries made by suppliers in the past years have been within the normal scope, and there was no shortage in sources or material quality anomaly.

(2) Risks related to concentrated sales

The top ten customers of sales of the Company and its subsidiaries in the most recent year account for 63.52% of the operating income for the year, and sales made to a single related customer have not exceeded 15%; therefore, there were no concentrated sales.

10. Effects of mass transfer or change in the equity held by Directors, supervisors, or major shareholders with a shareholding over 10% of the Company, risks, and countermeasures

In the most recent year and up to the publication date of the annual report, there was no mass transfer in the equity held by Directors, supervisors, or major shareholders with a shareholding over 10% of the Company.

11. Effects of changes in ownership of the Company, risks, and countermeasures

In the most recent year and up to the publication date of the annual report, there was no change in ownership of the Company.

12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the Company and its Directors, supervisors, President, persons with actual responsibility for the Company, major shareholders holding a stake of greater than 10%, and subsidiaries that have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties involved in the dispute, and the status of the dispute as of the publication date of the annual report: None.

13. Other important risks and countermeasures:

Risk of information safety:

For the safety of our information systems, the Company has established the firewall, anti-virus software, spam prevention, and other systems, performed weekly auto-backup for the system, and kept the backup device remote to minimize the risk of system interruption and data losses resulted from natural disasters and human errors. Also, to ensure the normal operation of the information equipment, the Company also reinforces the access control of the server room, the regular inspection and maintenance of A/C, power, and fire alarm systems, and sets up a UPS system so as to ensure the smooth operation of systems and equipment related to information.

VII. Other important matters

None.

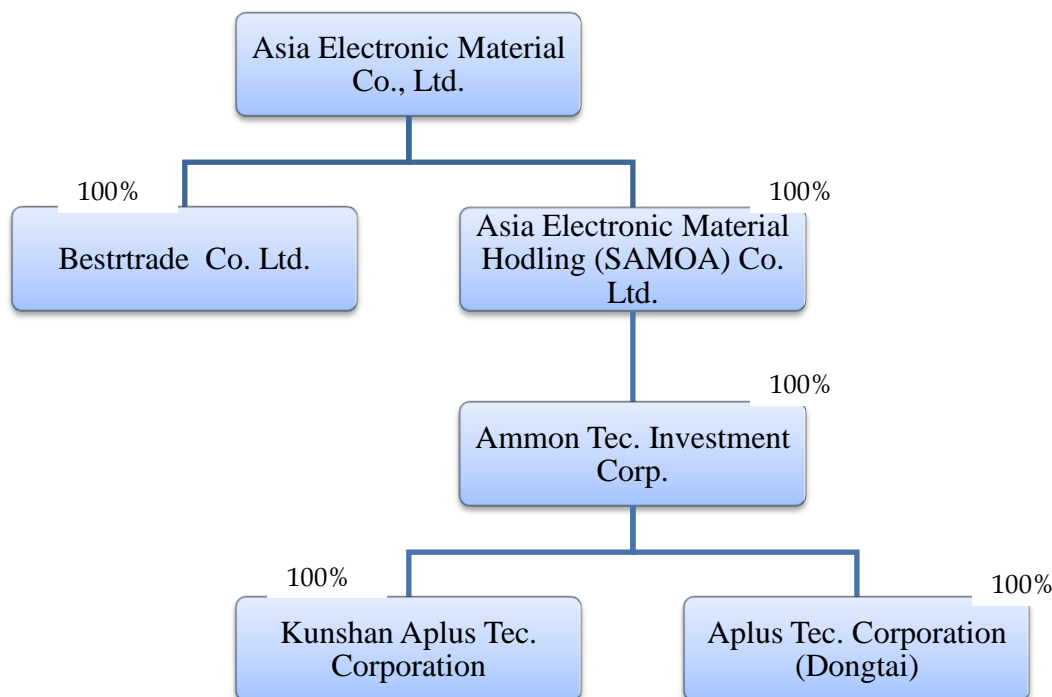
Eight. Special Items

I. Information on affiliates

(I) The 2023 consolidated business report of affiliates

1. Organizational structure of affiliates

December 31, 2023



2. Basic information on affiliates

Unit: 000'

Company name	Establishment date	Address	Paid-in capital	Main business or item produced
Asia Electronic Material Holding (Samoa) Co., Ltd.	2003/8	Offshore Chambers, P.O.Box 217, Apia, Samoa	USD 18,265	Investment
Besttrade Co., Ltd.	2003/8	Offshore Chambers, P.O.Box 217, Apia, Samoa	USD 2,950	Electronic material trading and import/export
Director, Ammon Tec. Investment Corp.	2003/8	Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Torola, British Virgin Islands	USD 18,260	Investment
Kunshan Aplus Tec. Corporation	2003/8	No.169, Middle Huangpujiang Road, Economic & Technical Development Zone, Kunshan City, Jiangsu Province	USD 18,250	Manufacturing and sales of electronic materials and parts
Aplus Tec. Corporation (Dongtai)	2018/7	No.9, 2nd Road, East District, Economic & Technical Development Zone, Dongtai City, Jiangsu Province	RMB 70,000	Production of multilayer FPC, CCL, and development of electronic materials

3. Information on the same shareholder of associates presumed to have a relationship of control or subordination: None.

4. Business sectors covered by associates, transactions and division of labor

Company name	Relation with the scope of business of other affiliates
Asia Electronic Material Holding (Samoa) Co., Ltd.	Overseas investment and holding company
Besttrade Co., Ltd.	Overseas sales company
Director, Ammon Tec. Investment Corp.	Overseas investment and holding company
Kunshan Aplus Tec. Corporation	Manufacturing and sales base in Mainland China
Aplus Tec. Corporation (Dongtai)	Manufacturing and sales base in Mainland China

5. Data on directors and supervisors of affiliates

Unit: share

Company name	Title	Name or representative	Number of shares	
			Number of shares	Shareholding
Asia Electronic Material Holding (Samoa) Co., Ltd.	Chairman	Lee Chien-Hui	-	-
Besttrade Co., Ltd.	Chairman	Lee Chien-Hui	-	-
Director, Ammon Tec. Investment Corp.	Chairman	Lee Chien-Hui	-	-
Kunshan Aplus Tec. Corporation	Chairman	Hsu Ming-Hua	-	-
Aplus Tec. Corporation (Dongtai)	Chairman	Hsu Ming-Hua	-	-

6. Business overview of affiliates

31 December 2023; Unit: NT\$/US\$000'

Company name	capital	Total assets	Total liabilities	per share	Operating income	Operating gains	Profit or loss for the period (after tax)	Earnings per share (after tax)
Asia Electronic Material Holding (Samoa) Co., Ltd.	587,534	1,560,619	85	1,560,534	0	0	22,533	-
Besttrade Co., Ltd.	97,471	159,813	76,738	83,075	0	(39)	(1,677)	-
Director, Ammon Tec. Investment Corp.	USD 18,260	USD50,835	USD9	USD50,826	0	0	22,533 (USD723)	-
Kunshan Aplus Tec. Corporation	USD 18,250	USD65,543	USD22,729	USD42,814	USD46,848	USD2,619	51,389 (USD1,649)	-
Aplus Tec. Corporation (Dongtai)	RMB 70,000	USD30,809	USD22,789	USD8,020	USD8,883	USD(1,078)	(28,856) (USD(926))	-

(II) Consolidated financial statements of affiliates:

Declaration

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements of the parent company and subsidiaries in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements of the parent company and subsidiaries and will hence not be included in consolidated financial statements of the affiliates for 2023 (from 1 January to 31 December 2023), in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Declared by

Company name: Asia Electronic Material Co., Ltd.

Representative: Lee Chien-Hui

February 27, 2024

(III) Affiliation report: Not applicable.

II. Private placement of securities in the most recent year and up to the publication date of the annual report

None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the publication date of the annual report

None.

IV. Other matters that require additional explanation

(I) Outstanding commitments for the listing on TPEx:

Commitments for the listing on TPEx	Status of commitments
Commitment to add a clause in the "Procedures for the Acquisition or Disposal of Assets". The clause is "The Company shall not shall not waive the capital contributions to Asia Electronic Material Holding (Samoa) Co., Ltd. (hereinafter referred to as "Asia Electronic"), Besttrade Co., Ltd. and Global-One Tec. Co., Ltd. in each of the following years. Asia Electronic shall not waive the capital contributions to Ammon Tec. Investment Corp. (the "Ammon Tec.") in each of the following years. Asia Electronic shall not waive the capital contributions to Ammon Tec. Investment Corp.(hereinafter referred to as Ammon Tec.) in each of the following years. Ammon Tec. shall not waive the capital contributions to Kunshan Aplus Tec. Corporation in each of the following years. In the future, if the Company has to waive the capital contributions to the abovementioned companies or dispose of the abovementioned companies due to considerations of strategic alliance or matters otherwise agreed by TPEx, a special resolution shall be approved by the Board of the Company." to its "Procedures for the Acquisition or Disposals of Assets."If there is any amendment to the Procedures, the Company shall disclose it as material information on MOPS and report to the TPEx for future reference.	The shareholders' meeting approved the amendments to the "Procedures for the Acquisition or Disposals of Assets" on 27 April 2012. Furthermore, due to the implementation of the Economic Substance Act in BVI, the Company liquidated and dissolved Global-One Tec. Co., Ltd. on 8 September 2021 and the Board of Directors resolved to amend relevant regulations on 17 May 2022.

V. Any of the circumstances listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' interest or the price of the Company's securities, that have occurred in the most recent year and up to the publication date of the annual report shall be set out on an item-by-item basis

None.

Asia Electronic Material Co., Ltd.
Statement of the Internal Control System

Date: February 27, 2024

The Company's internal control system in 2023, as per the results of our self-assessment, is hereby declared as follows:

- I. The Company is fully aware that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Company's Board and managers, and the Company has established such a system. The system aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. Certain limitations are inherent in all internal control systems. Regardless of the comprehensive design, an effective internal control system may only provide reasonable assurance regarding the achievement of the three intended objectives above; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system are effective based on the criteria for judging the effectiveness of the internal control system set out in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The said criteria adopted for the internal control system under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of 31 December 2023, the internal control system (including the supervision and management of its subsidiaries), including understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, transparent, and in compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. The statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false, or if there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. It is also hereby declared that the statement was approved by the Board on 27 February 2024 and that among the nine Directors who attended, none of them held any dissenting opinion and all of them agreed with the content of the statement.

Asia Electronic Material Co., Ltd.

Chairman: Lee Chien-Hui

President: Lee Chien-Hui

English Translation of Financial Statements and a Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholder of
Asia Electronic Material Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Asia Electronic Material Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Asia Electronic Material Co., Ltd. and its subsidiaries recognized NT\$1,548,510 thousand as revenue for the year ended December 31, 2023. Since the sales locations including Taiwan, China and other countries and the sales conditions for major customers are varied. It is necessary for the Company to judge and determine the performance obligations of a sales order or a contract and the timing of its satisfaction. There are significant risks in the timing and amount of revenue recognition. Therefore, we determined the matter to be a key audit matter. Our audit procedures include, but not limit to, assessing the appropriateness of the accounting policy for revenue recognition, evaluating and testing the effectiveness of relevant internal controls relating to the timing of revenue recognition, performing test of details on selected samples, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing and performance obligation for revenue recognition, performing analytical review procedures on monthly sale and performing cutoff testing for a period before and after the balance sheet date, etc. We also considered the appropriateness of the related disclosures of sales. Please refer to Notes 4 and Note 6 in notes to the consolidated financial statements.

Impairment of accounts receivable

As of December 31, 2023, Asia Electronic Material Co., Ltd. and its subsidiaries' gross accounts receivable and loss allowance amounted to NT\$832,426 thousand and NT\$(5,674) thousand, respectively. The net accounts receivable represented 31.27% of the consolidated assets and was significant to the Group's consolidated financial statements. The amount of loss allowance against accounts receivable is measured at an amount equal to lifetime expected credit losses. The measurement process needs to group the underlying accounts receivable appropriately and judge the application of related assumptions, including proper aging intervals and expected credit loss ratio for each aging interval, to be judged and analyzed. Due to the measurement of expected credit losses involves judgement, analysis and estimation and it has significant impact on carrying value of net accounts receivable, we therefore determined the matter to be a key audit matter. Our audit procedures therefore include, but not limit to, analyzing the appropriateness of the methodology for grouping of accounts receivable, confirming whether the customers with significantly different loss patterns (i.e. similar risk characteristics) are appropriately grouped (i.e. by historical experiences, etc.); testing the provision matrix adopted by the Group, including evaluation on reasonableness of determining aging intervals, and examining the correctness of original document for basic information; reviewing of accounts receivable subsequent collection for evaluating its recoverability, etc. We also considered the appropriateness of the related disclosures of accounts receivable. Please refer to Notes 5 and Note 6 in notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2023 and 2022.

/s/Chen, Kuo-Shuai

/s/Lin, Cheng-Wei

Ernst & Young
February 27th, 2024
Taipei, Taiwan,
Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$448,996	16.98	\$736,046	25.60
1150	Notes receivable, net	4, 6(2)	167,014	6.32	128,901	4.48
1170	Accounts receivable, net	4, 6(3)	659,738	24.95	566,745	19.72
1200	Other receivables		27,071	1.02	28,677	1.00
130x	Inventories	4, 6(4)	206,691	7.82	243,652	8.48
1410	Prepayments		19,198	0.73	21,372	0.74
1470	Other current assets		1,907	0.07	1,907	0.07
11xx	Total current assets		1,530,615	57.89	1,727,300	60.09
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(5)	145,727	5.51	153,769	5.35
1600	Property, plant and equipment, net	4, 6(6)	795,144	30.08	827,367	28.78
1755	Right-of-use assets	4, 6(16)	110,405	4.18	115,800	4.03
1780	Intangible assets	4, 6(7)	10,044	0.38	11,844	0.41
1840	Deferred income tax assets	4, 6(20)	31,524	1.19	25,008	0.87
1900	Other non-current assets	6(8)	20,320	0.77	13,649	0.47
15xx	Total non-current assets		1,113,164	42.11	1,147,437	39.91
1xxx	Total Assets		\$2,643,779	100.00	\$2,874,737	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
As of December 31, 2023 and 2022
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	\$533,067	20.16	\$748,325	26.03
2130	Contract liabilities	4, 6(14)	-	-	8	-
2150	Notes payable		27,153	1.03	4,386	0.15
2170	Accounts payable		118,929	4.50	122,932	4.28
2200	Other payables		58,999	2.23	58,048	2.02
2230	Current income tax liabilities	4, 6(20)	12,279	0.47	9,278	0.32
2280	Lease liabilities	4, 6(16)	3,143	0.12	3,086	0.11
2300	Other current liabilities		287	0.01	318	0.01
2322	Current portion of long-term loans	6(11)	-	-	100,000	3.48
21xx	Total current liabilities		753,857	28.52	1,046,381	36.40
	Non-current liabilities					
2540	Long-term loans	6(11)	100,000	3.78	-	-
2570	Deferred income tax liabilities	4, 6(20)	212,881	8.05	218,995	7.62
2580	Lease liabilities	4, 6(16)	2,829	0.11	4,032	0.14
2630	Long-term deferred revenue	4, 6(10)	56,037	2.12	61,609	2.14
25xx	Total non-current liabilities		371,747	14.06	284,636	9.90
2xxx	Total liabilities		1,125,604	42.58	1,331,017	46.30
31xx	Equity attributable to shareholders of the parent					
3100	Capital					
3110	Common stock	6(13)	982,009	37.14	982,009	34.16
3200	Capital surplus	6(13)	192,899	7.30	192,899	6.71
3300	Retained earnings	6(13)				
3310	Legal reserve		68,474	2.59	65,032	2.26
3320	Special reserve		41,956	1.59	41,956	1.46
3350	Unappropriated earnings		228,749	8.65	237,713	8.27
	Total Retained earnings		339,179	12.83	344,701	11.99
3400	Other components of equity		4,088	0.15	24,111	0.84
3xxx	Total equity		1,518,175	57.42	1,543,720	53.70
	Total liabilities and equity		\$2,643,779	100.00	\$2,874,737	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(14)	\$1,548,510	100.00	\$1,647,874	100.00
5000	Operating costs	6(4)	(1,209,517)	(78.11)	(1,287,331)	(78.12)
5900	Gross profit		338,993	21.89	360,543	21.88
6000	Operating expenses	6(17)				
6100	Sales and marketing		(84,075)	(5.43)	(82,522)	(5.01)
6200	General and administrative		(95,271)	(6.15)	(96,665)	(5.87)
6300	Research and development		(77,426)	(5.00)	(71,124)	(4.31)
6450	Expected credit gains (losses)	4, 6(15)	(597)	(0.04)	2,981	0.18
	Total operating expenses		(257,369)	(16.62)	(247,330)	(15.01)
6900	Operating income		81,624	5.27	113,213	6.87
7000	Non-operating incomes and expenses	4, 6(18)				
7010	Other incomes		12,132	0.78	6,112	0.37
7020	Other gains or losses		(14,754)	(0.95)	(48,892)	(2.97)
7050	Finance costs		(29,097)	(1.88)	(17,990)	(1.09)
	Total non-operating incomes and expenses		(31,719)	(2.05)	(60,770)	(3.69)
7900	Profit (loss) from continuing operations before tax		49,905	3.22	52,443	3.18
7950	Income tax expense	4, 6(20)	(13,583)	(0.87)	(18,028)	(1.09)
8200	Net income		36,322	2.35	34,415	2.09
8300	Other comprehensive income (loss)	6(19)				
8310	Item that not be reclassified to profit or loss					
8316	Unrealized gains (losses) on equity instrument investment at fair value through other comprehensive income		6,988	0.45	11,073	0.67
8349	Income tax related to non-reclassified items		(396)	(0.03)	(1,453)	(0.09)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(26,654)	(1.72)	32,969	2.00
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		5,331	0.34	(6,594)	(0.40)
	Total other comprehensive income, net of tax		(14,731)	(0.96)	35,995	2.18
8500	Total comprehensive income		\$21,591	1.39	\$70,410	4.27
8600	Net income attributable to:					
8610	Shareholders of the parent		\$36,322		\$34,415	
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		\$21,591		\$70,410	
9750	Earnings per share-basic (in NTD)	6(21)	\$0.37		\$0.35	
9850	Earnings per share-diluted (in NTD)		\$0.37		\$0.35	

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

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent							
		Common Stock	Capital Surplus	Retained Earnings			Others		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealised Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
3111	3200	3310	3320	3350	3410	3420	3XXX		
A1	Balance as of January 1, 2022	\$982,009	\$192,899	\$47,723	\$41,956	\$358,088	\$(76,317)	\$64,433	\$1,610,791
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve			17,309		(17,309)			-
B5	Cash dividends-common shares					(137,481)			(137,481)
D1	Net income for 2022					34,415			34,415
D3	Other comprehensive income (loss), for 2022						26,375	9,620	35,995
D5	Total comprehensive income (loss)	-	-	-	-	34,415	26,375	9,620	70,410
Z1	Balance as of December 31, 2022	982,009	192,899	65,032	41,956	237,713	(49,942)	74,053	1,543,720
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve			3,442		(3,442)			-
B5	Cash dividends-common shares					(47,136)			(47,136)
D1	Net income for 2023					36,322			36,322
D3	Other comprehensive income (loss), for 2023						(21,323)	6,592	(14,731)
D5	Total comprehensive income (loss)	-	-	-	-	36,322	(21,323)	6,592	21,591
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income					5,292		(5,292)	-
Z1	Balance as of December 31, 2023	\$982,009	\$192,899	\$68,474	\$41,956	\$228,749	\$(71,265)	\$75,353	\$1,518,175

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit from continuing operations before tax	\$49,905	\$52,443	B00010	Acquisition of financial assets measured at fair value through OCI	-	(14,717)
A20000	Adjustments:			B00020	Disposal of financial assets measured at fair value through OCI	13,070	-
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(56,610)	(142,867)
A20100	Depreciation (including right-of-use assets)	63,170	63,970	B02800	Proceeds from disposal of property, plant and equipment	1,087	79
A20200	Amortization	1,627	1,636	B03800	Decrease (increase) in refundable deposits	14	327
A20300	Expected credit losses (gain on recovery)	597	(2,981)	B09900	Acquisition of assets related to government grants	-	1,920
A20900	Interest expense	29,097	17,990	BBBB	Net cash provided by (used in) investing activities	(42,439)	(155,258)
A21200	Interest income	(3,315)	(2,636)				
A21300	Dividend income	(885)	-				
A22500	Loss on disposal of property, plant and equipment	323	343				
A29900	Gain on government grants	(5,244)	(646)	CCCC	Cash flows from financing activities:		
A29900	Gain on lease modification	(17)	-				
A30000	Changes in operating assets and liabilities:						
A31130	Decrease (increase) in notes receivable	(38,113)	53,352	C01600	Increase in (repayment of) short-term loans	(215,258)	27,929
A31140	Decrease (increase) in notes receivable - related parties	-	34,903	C01700	Increase in long-term loans	100,000	-
A31150	Decrease (increase) in accounts receivable	(93,495)	126,000	C04020	Repayment of long-term loans	(100,000)	-
A31160	Decrease (increase) in accounts receivable - related parties	-	54,907	C04020	Cash payments for the principal portion of the lease liabilities	(3,903)	(3,937)
A31180	Decrease (increase) in other receivables	1,606	16,734	C04500	Cash dividends	(47,136)	(137,481)
A31200	Decrease (increase) in inventories	36,961	(4,521)	CCCC	Net cash provided by (used in) financing activities	(266,297)	(113,489)
A31220	Decrease (increase) in prepayments	(3,157)	15,351				
A31240	Decrease (increase) in other current assets	-	(188)	DDDD	Effect of exchange rate changes on cash and cash equivalents	(8,694)	18,620
A32125	Increase (decrease) in contract liabilities	(8)	-	EEEE	Net increase (decrease) in cash and cash equivalents	(287,050)	32,030
A32130	Increase (decrease) in notes payable	22,767	(41,001)	E00100	Cash and cash equivalents at beginning of period	736,046	704,016
A32150	Increase (decrease) in accounts payable	(4,003)	(16,645)	E00200	Cash and cash equivalents at end of period	\$448,996	\$736,046
A32180	Increase (decrease) in other payables	10,567	(49,669)				
A32230	Increase (decrease) in other current liabilities	(31)	2				
A33000	Cash generated from (used in) operations	68,352	319,344				
A33100	Interest received	3,315	2,636				
A33200	Dividend received	885	-				
A33300	Interest paid	(28,890)	(18,310)				
A33500	Income taxes paid	(13,282)	(21,513)				
AAAA	Net cash provided by (used in) operating activities	30,380	282,157				

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

1. HISTORY AND ORGANIZATION

Asia Electronic Material Co., Ltd. (“the Company”) was established on July 7, 2003. Its main business activities include the manufacture of various electronic products and the sale of electronic materials. The Company’s stocks have been governmentally approved on June 28, 2011 to be listed and traded in Taipei Exchange starting September 19, 2011. The registered business premise and main operation address is at 4th Floor, No. 18, Lane 676, Jhonghua Rd. Jhubei City, HsinChu County 302, Taiwan (R.O.C).

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on February 27, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

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- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. by FSC. Group assesses all standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) Exposure, or rights, to variable returns from its involvement with the investee, and
- (c) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee
- (b) Rights arising from other contractual arrangements
- (c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

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

If the Company loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfers directly to retained earnings; and
- (f) Recognizes differences in profit or loss.

ASIA ELECTRONIC MATERIAL CO., LTD.

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The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31,	
			2023	2022
The Company	BESTTRADE CO., LTD.	Electronic materials trading and business which relates to import and export	100%	100%
The Company	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	Investing activities	100%	100%
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	AMMON TEC. INVESTMENT CORP.	Investing activities	100%	100%
AMMON TEC. INVESTMENT CORP.	KUNSHAN APLUS TEC. CORPORATION	Manufacturing and selling electronic materials	100%	100%
AMMON TEC. INVESTMENT CORP.	DONGTAI APLUS TECHNOLOGY CO., LTD.	Manufacturing and selling electronic materials	100% (Note 1)	100% (Note 1)

Note 1 : In order to expand the market in China and develop the local supply chain, the company's Board of Directors' meetings resolved to invest in a new electronic functional material project in the eastern area of Jiangsu Dongtai Economic Development Zone on April 27, 2018. The company invested in the AMMON TEC. INVESTMENT CORP., a subsidiary of ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD., remitted the investment amount of RMB30,000 thousand, RMB20,000 thousand and RMB20,000 thousand in 2018, 2019, 2021, respectively through the surplus distribution and reinvestment of KUNSHAN APLUS TEC. CORPORATION for a total of RMB70,000 thousand, and acquired 100% equity of DONGTAI APLUS TECHNOLOGY CO., LTD. Waited for the partnership formed by employees to remit its investment, AMMON TEC. INVESTMENT CORP. will hold 85% of the equity of DONGTAI APLUS TECHNOLOGY CO., LTD, and a partnership company composed of employees will hold 15%. As of the financial report date, this investment project is still in progress.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Group holds the asset primarily for the purpose of trading.
- (c) The Group expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle.
- (b) The Group holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (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 the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

The Group determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Group are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) The Group's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

(B) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

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Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – At actual purchase cost, using weighted average method

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~50 years
Machinery and equipment	3~12 years
Transportation equipment	5~ 7 years
Office equipment	3~10 years
Leasehold improvements	4~10 years
Other equipment	3~16 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- 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 by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

A summary of the policies applied to the Group's intangible assets is as follows:

	Cost of Computer software	Cost of Patents
Useful lives	5 years	6 years
Amortization method used	Straight-line method during the contract term	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the assets or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is FPC (Flexible Printed Circuit) and revenue is recognized based on the consideration stated in the contract. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group's sale of goods is from 60 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(19) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivable—estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Inventory

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

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(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details about unrecognized deferred tax assets as at December 31, 2023.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and petty cash	\$439	\$370
Checkings and savings	448,557	735,676
Total	<u>\$448,996</u>	<u>\$736,046</u>

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(2) Notes receivable, net

	As of December 31,	
	2023	2022
Notes receivable - from operation	\$167,014	\$128,901
Less: loss allowance	-	-
Total	\$167,014	128,901

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6 (15) for more details on loss allowance and Note 12 for details on credit risk.

(3) Accounts receivable, net

A. Accounts receivable, net

	As of December 31,	
	2023	2022
Accounts receivable, gross	\$665,412	\$571,917
Less: loss allowance	(5,674)	(5,172)
Total accounts receivable, net	\$659,738	\$566,745

B. Accounts receivable were not pledged.

C. Accounts receivable are generally on 60-180 day terms. The total carrying amount for the years ended December 31, 2023 and 2022, are NT\$665,412 thousand and NT\$571,917 thousand, respectively. Please refer to Note 6 (15) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

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D. The Group entered into factoring agreements with banks. Accounts receivable from selected customers are transferred to banks without recourse. In addition to transferring the contractual rights of receivable cash flow, the Group does not need to bear the credit risk of unrecoverable receivables (except for commercial disputes) according to the contract, and meets the conditions for the derecognition of financial assets. As of December 31, 2023 and 2022, details of the agreed credit limits and accounts receivable transferred were as follows:

In Thousands of USD					
Financial Institution	Accounts receivable derecognized	Advance received	Interest rate	Collateral	Credit limit
<u>12/31/2023</u>					
			1M TAIEX		
			03+0.6%	Promissory	
			divide by	Note	
Taipei Fubon Bank	<u>USD 180</u>	<u>USD 153</u>	0.946	<u>USD 90</u>	<u>USD 200</u>
Shin Kong Bank	<u>USD 750</u>	<u>USD -</u>	Negotiation	<u>None</u>	<u>USD 2,700</u>
<u>12/31/2022</u>					
			1M TAIEX		
			03+0.6%	Promissory	
			divide by	Note	
Taipei Fubon Bank	<u>USD 91</u>	<u>USD 77</u>	0.946	<u>USD 90</u>	<u>USD 2,200</u>
Shin Kong Bank	<u>USD 1,340</u>	<u>USD 463</u>	Negotiation	<u>None</u>	<u>USD 4,700</u>

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(4) Inventory

A. Details of inventory:

	As of December 31,	
	2023	2022
Raw material	\$96,866	\$138,273
Work in process	9,719	11,317
Finished goods	100,106	94,062
Total	<u>\$206,691</u>	<u>\$243,652</u>

B. For the years ended December 31, 2023 and 2022, the Group recognized NT\$1,209,517 thousand and NT\$1,287,331 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

Item	For the year ended December 31,	
	2023	2022
(Gain) Loss from inventory market decline	<u>\$(15,667)</u>	<u>\$7,584</u>

For the years ended December 31, 2023, the Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were sold.

C. The inventories were not pledged.

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(5) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Unlisted companies stocks	\$41,758	\$42,472
Listed companies stocks	6,939	14,717
Subtotal	48,697	57,189
Valuation adjustment	97,030	96,580
Total	<u>\$145,727</u>	<u>\$153,769</u>
Non-current	<u>\$145,727</u>	<u>\$153,769</u>

The Group classified part of financial assets as financial assets at fair value through other comprehensive income. No financial asset at fair value through other comprehensive income was pledged as collateral.

(6) Property, plant and equipment

(1) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportain equipment	Office equipment	Lease assets and leasehold improvements	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
As of 1/1/2023	\$ 131,441	\$883,489	\$6,983	\$15,248	\$6,498	\$72,938	\$335,808	\$1,452,405
Addition	2,056	8,938	2,157	654	252	1,184	24,763	40,004
Disposals	-	(1,801)	(1,760)	(1,415)	(1,088)	-	(965)	(7,029)
Reclassification	-	5,534	-	502	-	1,587	(7,623)	-
Effect of EX rate	(2,243)	(15,083)	(123)	(186)	-	(1,069)	(6,046)	(24,750)
As of 12/31/2023	<u>\$ 131,254</u>	<u>\$881,077</u>	<u>\$7,257</u>	<u>\$14,803</u>	<u>\$5,662</u>	<u>\$74,640</u>	<u>\$345,937</u>	<u>\$1,460,630</u>

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					Lease assets		Construction in	
		Machinery and	Transportain	Office	and leasehold	Other	progress and	
	Buildings	equipment	equipment	equipment	improvements	equipment	equipment	Total
							awaiting	
							inspection	
As of 1/1/2022	\$103,712	\$836,505	\$6,741	\$14,471	\$6,498	\$67,618	\$284,827	\$1,320,372
Addition	1,248	22,227	137	1,965	-	1,813	89,992	117,382
Disposals	-	(4,100)	-	(139)	-	(1,211)	-	(5,450)
Reclassification	24,947	15,841	-	(1,213)	-	3,883	(43,458)	-
Effect of EX rate	1,534	13,016	105	164	-	835	4,447	20,101
As of 12/31/2022	<u>\$131,441</u>	<u>\$883,489</u>	<u>\$6,983</u>	<u>\$15,248</u>	<u>\$6,498</u>	<u>\$72,938</u>	<u>\$335,808</u>	<u>\$1,452,405</u>

Depreciation and impairment:

As of 1/1/2023	\$33,426	\$538,358	\$5,016	\$11,589	\$6,498	\$30,151	\$-	\$625,038
Depreciation	4,035	45,096	778	1,085	43	5,964	-	57,001
Disposals	-	(1,608)	(1,585)	(1,338)	(1,088)	-	-	(5,619)
Effect of EX rate	(621)	(9,705)	(72)	(136)	-	(400)	-	(10,934)
As of 12/31/2023	<u>\$36,840</u>	<u>\$572,141</u>	<u>\$4,137</u>	<u>\$11,200</u>	<u>\$5,453</u>	<u>\$35,715</u>	<u>\$-</u>	<u>\$665,486</u>

As of 1/1/2022	\$29,235	\$488,553	\$4,032	\$10,510	\$6,408	\$25,348	\$-	\$564,086
Depreciation	3,746	45,983	924	1,099	90	5,831	-	57,673
Disposals	-	(3,690)	-	(127)	-	(1,211)	-	(5,028)
Effect of EX rate	445	7,512	60	107	-	183	-	8,307
As of 12/31/2022	<u>\$33,426</u>	<u>\$538,358</u>	<u>\$5,016</u>	<u>\$11,589</u>	<u>\$6,498</u>	<u>\$30,151</u>	<u>\$-</u>	<u>\$625,038</u>

Net carrying amount:

As of 12/31/2023	<u>\$94,414</u>	<u>\$308,936</u>	<u>\$3,120</u>	<u>\$3,603</u>	<u>\$209</u>	<u>\$38,925</u>	<u>\$345,937</u>	<u>\$795,144</u>
As of 12/31/2022	<u>\$98,015</u>	<u>\$345,131</u>	<u>\$1,967</u>	<u>\$3,659</u>	<u>\$-</u>	<u>\$42,787</u>	<u>\$335,808</u>	<u>\$827,367</u>

Property, plant and equipment were not pledged.

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(7) Intangible assets

	Computer software	Technology licensing	Total
<u>Cost:</u>			
As of January 1, 2023	\$15,311	\$1,000	\$16,311
Additions – acquired separately	-	-	-
Derecognized upon retirement	-	-	-
Exchange differences	(257)	-	(257)
As of December 31, 2023	<u>\$15,054</u>	<u>\$1,000</u>	<u>\$16,054</u>
As of January 1, 2022	\$15,075	\$1,000	\$16,075
Additions – acquired separately	-	-	-
Derecognized upon retirement	-	-	-
Exchange differences	236	-	236
As of December 31, 2022	<u>\$15,311</u>	<u>\$1,000</u>	<u>\$16,311</u>
<u>Amortization and impairment:</u>			
As of January 1, 2023	\$3,700	\$767	\$4,467
Amortization	1,527	100	1,627
Derecognized upon retirement	-	-	-
Exchange differences	(84)	-	(84)
As of December 31, 2023	<u>\$5,143</u>	<u>\$867</u>	<u>\$6,010</u>
As of January 1, 2022	\$2,135	\$667	\$2,802
Amortization	1,536	100	1,636
Derecognized upon retirement	-	-	-
Exchange differences	29	-	29
As of December 31, 2022	<u>\$3,700</u>	<u>\$767</u>	<u>\$4,467</u>
Carrying amount, net as at:			
As of December 31, 2023	<u>\$9,911</u>	<u>\$133</u>	<u>\$10,044</u>
As of December 31, 2022	<u>\$11,611</u>	<u>\$233</u>	<u>\$11,844</u>

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Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2023	2022
General and administrative	\$1,527	\$1,536
Research and development	100	100
Total	<u>\$1,627</u>	<u>\$1,636</u>

(8) Other non-current assets

	As of December 31,	
	2023	2022
Prepayment for equipment	\$19,367	\$12,682
Refundable deposits	953	967
Total	<u>\$20,320</u>	<u>\$13,649</u>

(9) Short-term loans

	As of December 31,	
	2023	2022
Unsecured bank loans	<u>\$533,067</u>	<u>\$748,325</u>
Interest interval (%)	1.98%~6.5%	1.14%~5.65%

As of December 31, 2023 and 2022, the line of unused short-term loans credit for the Group amounted to NT\$1,415,054 thousand and NT\$852,415 thousand, respectively.

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(10) Deferred revenue

Government grants

	For the year ended December 31,	
	2023	2022
Beginning balance	\$61,609	\$59,409
Received during the period	-	1,920
Released to the statement of comprehensive income	(5,244)	(646)
Exchange differences	(328)	926
Ending Balance	<u>\$56,037</u>	<u>\$61,609</u>
As of December 31,		
	2023	2022
	<u>\$56,037</u>	<u>\$61,609</u>

Government grants have been received for the purchase of certain items of property, plant and equipment. The grants is related to assets, which is recognized as deferred income and recognized as income in installments over the expected useful life of the relevant assets.

(11) Long-term loans

Details of long-term loans were as follows:

Lenders	As of 12/31/2023	Interest Rate(%)	Repayment
Agricultural Bank of Taiwan-Mid-term credit loan	\$100,000	Index rate plus 0.63%	Payment of interest monthly, and repayment of principal when due.
Less: current portion	-		
Total	<u>\$100,000</u>		

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Lenders	As of 12/31/2022	Interest Rate(%)	Repayment
Agricultural Bank of Taiwan- Mid-term credit loan	\$100,000	Index rate plus 0.523%	Payment of interest monthly, and repayment of principal when due.
Less: current portion	(100,000)		
Total	\$-		

(12) Post-employment benefits plans

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 are NT\$1,038 thousand and NT\$992 thousand, respectively.

(13) Equities

(a) Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were both NT\$1,500,000 thousand. The Company's paid-in capital was NT\$982,009 thousand, each share at par value of NT\$10 divided into 98,200,868 shares.

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(b) Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	\$133,912	\$133,912
Employee stock option	32,665	32,665
Share options-convertible bonds	13,843	13,843
Others	12,479	12,479
Total	\$192,899	\$192,899

According to the Taiwan Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them.

(c) Appropriation of earnings and dividend policies

a. Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

b. Special reserve

Following the adoption of T-IFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of December 31, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$41,956 thousand accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. Earning distribution

(1) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(2) Dividend policies

For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% and more than 90% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

- (d) The appropriations of earnings for the Year 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meetings held on February 27, 2024 and May 24, 2023, respectively. The details of the distributions are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (in NT\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$4,161	\$3,442		
Cash dividend	49,100	47,136	\$0.50	\$0.48
Total	<u>\$53,261</u>	<u>\$50,578</u>		

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Please refer to Note 6 (17) for details on employees' compensation and remuneration to directors.

(14) Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$1,548,510	\$1,647,874

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

(1) Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
Sale of FPC	\$1,548,510	\$1,647,874
The timing for revenue recognition:		
At a point in time	\$1,548,510	\$1,647,874

(2) Contract balances

A. Contract liabilities – current

	As of		
	Beginning Balance	Ending Balance	Difference
Sales of goods	\$8	\$-	\$(8)

The Group's contract liabilities balance decreased in the year ended December 31 2023. The Company has fulfilled its contractual obligations, and all related revenue has been recognized.

(3) Transaction price allocated to unsatisfied performance obligations: None.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(4) Assets recognized from cost to fulfil a contract: None.

(15) Expected credit losses (gains)

	For the year ended December 31,	
	2023	2022
Operating expenses – Expected credit losses/(gains)		
Notes receivable	\$-	\$-
Accounts receivable	597	(2,981)
Total	<u>\$597</u>	<u>\$(2,981)</u>

Please refer to Note 12 for more details on credit risk.

The Group measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2023 and 2022, there were no other receivables pass due. Furthermore, the Group assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 are as follows:

The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

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As of December 31, 2023

	Not past due (Note)	Past due								Total
		Within 90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-240 days	241-270 days	Over 271 days	
Gross carrying amount	\$784,836	\$35,421	\$6,662	\$457	\$138	\$101	\$-	\$-	\$4,811	\$832,426
Loss ratio	-%	1%	5%	10%	20%	30%	40%	50%	100%	
Lifetime expected credit losses	-	(427)	(333)	(45)	(28)	(30)	-	-	(4,811)	(5,674)
Subtotal	\$784,836	\$34,994	\$6,329	\$412	\$110	\$71	\$-	\$-	\$-	\$826,752

As of December 31, 2022

	Not past due (Note)	Past due								Total
		Within 90 days	91-120 days	121-150 days	151-180 days	181-210 days	211-240 days	241-270 days	Over 271 days	
Gross carrying amount	\$675,490	\$20,382	\$53	\$-	\$-	\$-	\$-	\$-	\$4,893	\$700,818
Loss ratio	-%	1%	5%	10%	20%	30%	40%	50%	100%	
Lifetime expected credit losses	-	(276)	(3)	-	-	-	-	-	(4,893)	(5,172)
Subtotal	\$675,490	\$20,106	\$50	\$-	\$-	\$-	\$-	\$-	\$-	\$695,646

Note: All the Group's notes receivable were not past due.

The movement in the provision for impairment of accounts receivable during the year ended December 31, 2023 and 2022 are as follows:

	Accounts receivable
Beginning balance as of January 1, 2023	\$5,172
Addition/ (reversal) for the current period	597
Write off	-
Effect of exchange rate changes	(95)
Ending balance as of December 31, 2023	\$5,674

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	Accounts receivable
Beginning balance as of January 1, 2022	\$17,453
Addition/ (reversal) for the current period	(2,981)
Write off	(9,615)
Effect of exchange rate changes	315
Ending balance as of December 31, 2022	<u>\$5,172</u>

(16) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and other equipment. These lease have terms of between 3 to 50 years. The Group may not allowed to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

a. Amounts recognized in the balance sheets

(a) Right-of-use assets

Net carrying amount of right-of-use assets

	As of December 31,	
	2023.12.31	2022.12.31
Land	\$104,543	\$108,758
Buildings	4,978	5,558
Transportation equipment	425	292
Other equipment	459	1,192
Total	<u>\$110,405</u>	<u>\$115,800</u>

ASIA ELECTRONIC MATERIAL CO., LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Lease liabilities

	As of December 31,	
	2023.12.31	2022.12.31
Lease liabilities	\$5,972	\$7,118
Current	\$3,143	\$3,086
Non-current	2,829	4,032
Total	\$5,972	\$7,118

Please refer to Note 6(18) (c) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Note 12(5) Liquid Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December 31,	
	2023	2022
Land	\$2,420	\$2,434
Buildings	2,572	2,373
Transportation equipment	310	515
Other equipment	867	975
Total	\$6,169	\$6,297

c. Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$578	\$615

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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d. Cash outflow relating to leasing activities

During the year ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$4,481 thousand and NT\$4,552 thousand, respectively.

(17) Summary statement of employee benefits, depreciation and amortization by function is as follows:

	For the year ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries	\$66,454	\$79,680	\$146,134	\$70,001	\$81,705	\$151,706
Labor and health insurance	-	2,071	2,071	-	2,484	2,484
Pension	-	1,038	1,038	-	992	992
Other employee benefit	9,428	9,820	19,248	8,511	8,561	17,072
Depreciation	52,740	10,430	63,170	52,748	11,222	63,970
Amortization	-	1,627	1,627	-	1,636	1,636

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2023 and 2022 to be not lower than 10% and not higher than 5% of profit of the current period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2023 amounted to NT\$5,197 thousand and NT\$1,559 thousand, respectively, and, for the year ended December 31, 2022 amounted to NT\$6,119 thousand and NT\$1,836 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salaries.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$5,197 thousand and NT\$1,559 thousand, respectively, in a meeting held on February 27, 2024. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$6,119 thousand and NT\$1,836 thousand, respectively, in a meeting held on February 23, 2023. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

(18) Non-operating income and expenses

(a) Other incomes

	For the year ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	\$3,315	\$2,636
Dividend income	885	-
Other income — others	7,932	3,476
Total	<u>\$12,132</u>	<u>\$6,112</u>

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Other gains and losses

	For the year ended December 31,	
	2023	2022
Gain (loss) from disposal of property, plant and equipment	\$(323)	\$(343)
Foreign exchange gain (loss), net	(14,175)	(46,988)
Lease modification gains	17	-
Other expenses	(273)	(1,561)
Total	<u>\$(14,754)</u>	<u>\$(48,892)</u>

(c) Finance costs

	For the year ended December 31,	
	2023	2022
Interest on bank loans	\$28,890	\$17,876
Interest on lease liabilities	207	114
Total	<u>\$29,097</u>	<u>\$17,990</u>

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(19) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Other comprehensive income	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$12,280	\$(5,292)	\$6,988	\$(396)	\$6,592
May be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(26,654)	-	(26,654)	5,331	(21,323)
Total OCI	\$(14,374)	\$(5,292)	\$(19,666)	\$4,935	\$(14,731)

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Other comprehensive income	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Unrealized gains (losses)					
from equity instruments					
investments measured at					
fair value through other					
comprehensive income	\$11,073	\$-	\$11,073	\$(1,453)	\$9,620
May be reclassified to profit or loss in subsequent periods:					
Exchange differences					
resulting from translating					
the financial statements					
of a foreign operation	32,969	-	32,969	(6,594)	26,375
Total OCI	\$44,042	\$-	\$44,042	\$(8,047)	\$35,995

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(20) Income tax

A. The major components of income tax expense (benefit) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense (benefit):		
Current income tax expense	\$10,282	\$9,028
Adjustments in respect of current income tax of prior periods	11,357	2,808
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	2,732	6,192
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(10,788)	-
Total income tax expense	<u>\$13,583</u>	<u>\$18,028</u>

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2023	2022
Deferred income tax expense (income):		
Share of other comprehensive income of subsidiaries accounted for under equity method	<u>\$(4,935)</u>	<u>\$8,047</u>

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	\$49,905	\$52,443
Tax payable at the enacted tax rates	\$10,070	\$2,775
Tax effect of expenses not deductible for tax purposes	-	2,024
Tax effect of deferred tax assets/liabilities	5,067	9,506
Surtax on undistributed earnings	-	915
Other income tax effects adjusted in accordance with the tax laws and regulations	(2,123)	-
Adjustments in respect of current income tax of prior periods	569	2,808
Total income tax recognized in profit or loss	\$13,583	\$18,028

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C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2023
Temporary differences					
Expected credit losses	\$24	\$-	\$-	\$-	\$24
Unrealized loss on inventory valuation	263	(41)	-	-	222
Unrealized gross profit	2,772	(805)	-	-	1,967
Gain on disposal of property, plant and equipment	2,484	(15)	-	-	2,469
Loss on disposal of property, plant and equipment	(145)	-	-	3	(142)
Government grants revenue	15,085	-	-	(254)	14,831
Unrealized exchange loss (gain)	2,688	2,300	-	-	4,988
Investments accounted for using the equity method	(177,437)	6,617	-	-	(170,820)
Exchange differences on translation of foreign operating	1,692	-	5,331	-	7,023
Unrealized gain (loss) from equity instruments investment measured at fair value through other comprehensive income	(41,413)	-	(746)	240	(41,919)
Deferred tax (expense)/ income		\$8,056	\$4,585	\$(11)	
Net deferred tax assets/(liabilities)	<u>\$(193,987)</u>				<u>\$(181,357)</u>
Reflected in balance sheets as follows:					
Deferred tax assets	<u>\$25,008</u>				<u>\$31,524</u>
Deferred tax liabilities	<u>\$(218,995)</u>				<u>\$(212,881)</u>

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For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2022
Temporary differences					
Expected credit losses	\$24	\$-	\$-	\$-	\$24
Unrealized loss on inventory valuation	106	157	-	-	263
Unrealized gross profit	2,535	237	-	-	2,772
Gain on disposal of property, plant and equipment	2,501	(17)	-	-	2,484
Loss on disposal of property, plant and equipment	(143)	-	-	(2)	(145)
Government grants revenue	14,852	-	-	233	15,085
Unrealized exchange loss (gain)	2,871	(183)	-	-	2,688
Investments accounted for using the equity method	(172,043)	(5,394)	-	-	(177,437)
Unused tax losses	992	(992)	-	-	-
Exchange differences on translation of foreign operating	8,286	-	(6,594)	-	1,692
Unrealized gain (loss) from equity instruments investment measured at fair value through other comprehensive income	(38,487)	-	(2,735)	(191)	(41,413)
Deferred tax (expense)/ income		<u>\$(6,192)</u>	<u>\$(9,329)</u>	<u>\$40</u>	
Net deferred tax assets/(liabilities)	<u>\$(178,506)</u>				<u>\$(193,987)</u>
Reflected in balance sheets as follows:					
Deferred tax assets	<u>\$32,167</u>				<u>\$25,008</u>
Deferred tax liabilities	<u>\$(210,673)</u>				<u>\$(218,995)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT\$25,481 thousand and NT\$20,838 thousand, respectively.

E. The assessment of income tax returns

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021

(21) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$36,322</u>	<u>\$34,415</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>98,201</u>	<u>98,201</u>
Basic earnings per share (NT\$)	<u>\$0.37</u>	<u>\$0.35</u>

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	For the years ended December 31,	
	2023	2022
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$36,322	\$34,415
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$36,322	\$34,415
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	98,201	98,201
Effect of dilution:		
Employee compensation — stock (in thousands)	297	585
Weighted average number of ordinary shares outstanding after dilution (in thousands)	98,498	98,786
Diluted earnings per share (NT\$)	\$0.37	\$0.35

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period :

None.

(2) Significant transactions with the related parties

Salaries and rewards to key management of the group

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$12,110	\$11,881
Post-employment benefits	195	189
Total	\$12,305	\$12,070

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2023 are as follows:

<u>Currency</u>	<u>LC Amount (in thousand)</u>	<u>Security (in thousand)</u>
JPY	JPY 42,278	\$-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2023 are as follows: (In Thousands of RMB Dollars)

<u>Nature of Contract</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Outstanding Balance</u>
Construction contracts	<u>RMB 83,591</u>	<u>RMB 82,526</u>	<u>RMB 1,065</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

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12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through OCI	\$145,727	\$153,769
Financial assets measured at amortized cost		
Cash and cash equivalent (exclude cash on hand)	448,557	735,676
Notes receivable, net	167,014	128,901
Accounts receivable, net	659,738	566,745
Other receivables	27,071	28,677
Subtotal	1,302,380	1,459,999
Total	\$1,448,107	\$1,613,768

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities measured at amortized cost:		
Short-term loans	\$533,067	\$748,325
Accounts payable and other payables	205,081	185,366
Long-term loans (including current portion with maturity less than 1 year)	100,000	100,000
Lease liabilities	5,972	7,118
Total	\$844,120	\$1,040,809

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on its policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprise currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge account is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period - end. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency US dollars and foreign currency RMB dollars. The information of the sensitivity analysis is as follows:

If NTD dollars appreciates/depreciates against US dollars by 1%, the net income(loss) for the years ended December 31, 2023 and 2022 would increased/decreased by NT\$1,166 thousand and NT\$2,942 thousand, respectively.

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If NTD dollars appreciates/depreciates against RMB dollars by 1%, the net income(loss) for the years ended December 31, 2023 and 2022 would decreased/ increased by NT\$8,745 thousand and NT\$9,859 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT\$110 thousand and NT\$50 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component.

The equity securities are the investments of listed stocks stated as equity instruments measured at fair value through other comprehensive income. For the years ended December 31, 2023 and 2022, a rise/fall of 1% of the equity securities will cause the equity of the Company to increase/decrease by NT\$105 thousand and NT\$185 thousand, respectively.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 1.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers were accounted for 59.99% and 55.17% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

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(5) Liquidity risk management

The Group maintains financial flexibility through the use of cash and cash equivalents, bank loans, convertible bonds, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>As of December 31, 2023</u>					
Loans	\$543,088	\$102,040	\$-	\$-	\$645,128
Payables	205,081	-	-	-	205,081
Lease liabilities	3,263	2,863	-	-	6,126
<u>As of December 31, 2022</u>					
Loans	\$855,915	\$-	\$-	\$-	\$855,915
Payables	185,366	-	-	-	185,366
Lease liabilities	3,220	2,216	1,897	-	7,333

ASIA ELECTRONIC MATERIAL CO., LTD.

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(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2023	\$748,325	\$100,000	\$7,118	\$855,443
Cash flows	(215,258)	-	(3,903)	(219,161)
Lease range changes	-	-	2,602	2,602
Interests on lease liabilities	-	-	207	207
Currency rate change	-	-	(52)	(52)
As of December 31, 2023	\$533,067	\$100,000	\$5,972	\$639,039

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As of January 1, 2022	\$720,396	\$100,000	\$4,599	\$824,995
Cash flows	27,929	-	(3,937)	23,992
Lease range changes	-	-	6,290	6,290
Interests on lease liabilities	-	-	114	114
Currency rate change	-	-	52	52
As of December 31, 2022	\$748,325	\$100,000	\$7,118	\$855,443

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.
- (b) Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (c) Fair value of debt instruments without bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for Fair value measurement hierarchy for financial instruments of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Equity instrument measured at fair value				
through OCI	<u>\$10,463</u>	<u>\$-</u>	<u>\$135,264</u>	<u>\$145,727</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through OCI	\$18,524	\$-	\$135,245	\$153,769

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through OCI
Beginning balances as of January 1, 2023	\$135,245
Total gains (losses) recognized for the year ended December 31, 2023	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	1,583
Recognition of deferred tax liabilities	746
Currency rate change	(2,310)
Transfer in/(out) of Level 3	19
Ending balances as of December 31, 2023	\$135,264

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	At fair value through OCI
Beginning balances as of January 1, 2022	\$124,774
Total gains (losses) recognized for the year ended December 31, 2022	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	5,813
Recognition of deferred tax liabilities	2,735
Currency rate change	1,923
Transfer in/(out) of Level 3	10,471
Ending balances as of December 31, 2022	\$135,245

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the Group’s significant financial assets and liabilities denominated in foreign currencies was listed below:(In thousand)

	As of December 31,		
	2023		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$5,957	30.705	\$182,896
RMB	\$250,215	4.335	\$1,084,735
<u>Financial liabilities</u>			
Monetary items:			
USD	\$9,774	30.705	\$300,123
RMB	\$47,495	4.335	\$205,903

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	As of December 31,		
	2022		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$7,940	30.71	\$243,840
RMB	\$244,058	4.41	\$1,076,158
<u>Financial liabilities</u>			
Monetary items:			
USD	\$17,567	30.71	\$539,469
RMB	\$19,357	4.41	\$85,352

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31,	
	2023	2022
USD	\$(11,964)	\$(39,090)
Other	(2,211)	(7,898)
Total	\$(14,175)	\$(46,988)

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 1.

D. Individual securities acquired or disposed of with accumulated amount of at least NT\$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 2.

H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 3.

I. Derivative instrument transactions: None.

J. Intergroup relationships and significant intergroup transactions for the year ended December 31, 2023: Please refer to attachment 9.

(2) Information on investees

A. Investees over whom the Group exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 4.

B. Investees over which the Group exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: Please refer to attachment 5.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 7.

(h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in Mainland China

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	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	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (Note 5)	Carrying Amount as of December 31, 2023 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
KUNSHAN APLUS TEC. CORPORATION	Production of FPC and protective film	\$587,534	(Note 1)	\$587,534	\$-	\$-	\$587,534	\$51,389	100%	\$51,389 (Note 2 and Note 3)	\$1,314,617 (Note 2)	\$-	\$587,534	\$587,534	\$910,905

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ASIA ELECTRONIC MATERIAL CO., LTD.

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name of Investee in China	Main Business	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	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment	Share of Profit/Loss (Note 5)	Carrying Amount as of December 31, 2023 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
DONGTAI APLUS TECHNOLOGY CO., LTD.	Production of multilayer flexible boards, copper foil substrates, and development of materials for electronics	\$310,047	(Note 1 and Note 4)	\$-	\$-	\$-	\$-	\$(28,856)	100%	\$(28,856) (Note 2 and Note 3)	\$246,247 (Note 2)	\$-	\$-	\$310,047	

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Note 1: Reinvest in mainland China through a third-region company.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheets date.

Note 3: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 4: The Company remitted the investment amount of RMB30,000 thousand, RMB20,000 thousand and RMB20,000 thousand in 2018, 2019, 2021, respectively through the surplus distribution and reinvestment of KUNSHAN APLUS TEC. CORPORATION for a total of RMB70,000.

Note 5: Transactions are eliminated upon preparation of consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- B. Purchase and balances of related accounts payable as of December 31, 2023: Please refer to attachment 9.
- C. Sale and balance of related accounts receivable as of December 31, 2023: Please refer to attachment 9.
- D. Property transaction amounts and resulting gain or loss: None.
- E. Ending balance of endorsements/guarantees or collateral provided and the purposes: None.
- F. Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.
- G. Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:
 - (1) For the year ended December 31, 2023, the Company purchased materials for KUNSHAN APLUS TEC. CORPORATION was NT\$139,073 thousand.
 - (2) For the year ended December 31, 2023, the balance of other receivables amounted to NT\$4,253 thousand. The other receivables resulted from KUNSHAN APLUS TEC. CORPORATION collected on delivery to the Company.
- (4) Information on major shareholders

As of December 31, 2023, the Company has no shareholders holding more than 5% of the shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. OPERATING SEGMENT

(1) The Group's revenue mainly comes from the sales of FPC such as covering film and flexible copper foil substrates, and the Group's operating decision makers review the overall operating results of the Company to make decisions on the Company's resources and evaluate the performance of the Company as a whole, so it is a single operating Segment and is prepared on the same basis as the summary of important accounting policies described in Note 4.

(2) Geographical information

Revenues from external customers

	For the year ended, December 31,	
	2023	2022
China	\$1,485,677	\$1,574,776
Taiwan	54,599	54,700
Other countries	8,234	18,398
Total	<u>\$1,548,510</u>	<u>\$1,647,874</u>

The revenue information above is based on the location of the customer.

Non-current assets

	As of December 31,	
	2023	2022
China	\$5,062	\$6,407
Taiwan	930,851	962,253
Total	<u>\$935,913</u>	<u>\$968,660</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(3) Information about major customers

<u>Name of Customers</u>	<u>For the year ended, December 31,</u>	
	<u>2023</u>	<u>2022</u>
A Customer	\$227,024	\$205,916
B Customer	185,338	196,332
Total	<u>\$412,362</u>	<u>\$402,248</u>

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

Attachment 1

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	As of December 31, 2023				Note (Note 4)
				Shares / Units	Carrying Amount (Note 3)	Shareholding %	Fair Value	
Asia Electronic Material Co., Ltd.	Market stock: Ventec International Group Co., Ltd.	-	Equity at fair value through OCI instrument investment - non current	116,000	\$6,939	0.16	<u>\$10,463</u>	None
			Add: Valuation adjustments		3,524			
			Total		<u>\$10,463</u>			

Note 1: The marketable securities mentioned in attachment refer to stocks, bonds, beneficiary certificates and securities derived from above mentioned items within in the scope of IFRS9 Financial Instruments.

Note 2: If issuer of marketable securities is not related party, don't fill in this field.

Note 3: Financial Instruments measured by fair value, please fill in the book value after the adjustment of the valuation deduct the accumulated impairments amount in the column; not measured by fair value, please fill in the original acquisition cost or amortized cost deduct the accumulated impairment amount in the column.

Note 4: If there are securities have provided guarantees, pledged loans, or other restricted users according to the agreement, the number and the amount of shares provided with guarantees or pledges, and the restricted use conditions should be indicated in the column.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Related Party Transactions with Purchases or Sales Amount of at least NT\$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2023

Attachment 2

(In Thousands of New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Sale	<u>\$568,469</u> (Note1)	57.33%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing , relative parties are 150 days after next monthly closing.	<u>\$121,251</u> (Accounts receivable)	34.07%	Note2
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Purchased	<u>\$(297,663)</u>	33.51%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 45~90 days after monthly closing , relative parties are 150 days after next monthly closing.	<u>\$(168,599)</u> (Accounts payable)	69.44%	Note2

Note1: The amount has already been deducted from the holding company purchasing materials amount of KUNSHAN APLUS TEC. CORPORATION for 139,073 thousand dollars.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Receivables from Related Parties of at least NT\$100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Accounts receivable	4.42	\$-		\$101,926	\$-
			\$121,251					
			(Note)	-				
			Other receivables					
Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	\$4,253	0.67	\$-		\$-	\$-
			(Note)					
			Accounts receivable	0.67	\$-		\$-	\$-
			\$167,087					
			(Note)					

Note: Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)											
Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee(Note)	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value (Note)			
Asia Electronic Material Co., Ltd.	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	Samoa	Investing activities	\$587,534	\$587,534	18,265,100	100.00%	\$1,560,534	\$22,533	\$22,533	Subsidiary
Asia Electronic Material Co., Ltd.	BESTTRADE CO., LTD.	Samoa	Electronic materials trading and business which relates to import and export	97,471	97,471	2,950,000	100.00%	83,075	(1,677)	(1,677)	Subsidiary
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	AMMON TEC. INVESTMENT CORP.	British Virgin Islands	Investing activities	556,382 (USD 18,260)	556,382 (USD 18,260)	18,260,000	100.00%	1,560,612 (USD 50,826)	22,533 (USD 723)	22,533 (USD 723)	Subsidiary

Note : Transactions are eliminated when preparing the consolidated financial statements.

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ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2023

Attachment 5

(In Thousands of New Taiwan Dollars)

NO. (Note 1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter- party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
1	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Other receivables -related parties	Yes	\$260,112	\$260,112	\$151,732 (Note 4)	-	2	\$-	Business turnover	\$-	-	\$-	\$525,847	\$525,847

Note 1: Asia Electronic Material Co., Ltd. and subsidiaries are coded as follows:

1. Asia Electronic Material Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1. Need for operating is coded "1".
2. Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 40% of the lender's net assets of value, which audited by CPA in current period, as of December 31, 2023.

Limited and reason of financing amount for individual counter-party is seted as follows: 31, 2023.

1. Limit of total financing amount which need for operating shall not exceed transaction amount between two parties in prior year and current year.
2. Limit of total financing amount need for short term financing not exceed 40% of the lender's net assets of value, which audited by CPA in recent period. The financing amount refers to the cumulative balance of the company's short-term financing funds.
3. The total financing amount shall not exceed 100% of The Company's net assets of value, which audited by CPA in recent period, is limited
between foreign subsidiaries which held directly or indirectly for 100% voting shares by The Company.

Note 4: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Guarantee, Pledge or Other Restricted Conditions		
				Shares/Units	Carrying Amount	%	Fair Value	Shares	Carrying Amount	Note
KUNSHAN APLUS TEC. CORPORATION	Market stock: Leader-tech Electronics (Shenzhen) Co., Ltd.	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	1,538,747	<u>\$69,443</u>	2.36%	<u>\$69,443</u>	-	<u>\$-</u>	
KUNSHAN APLUS TEC. CORPORATION	Market stock: Shenzhen Xin Shanghe Electronics Ltd. (Note 1)	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	3,021,312	<u>\$35,290</u>	2.36%	<u>\$35,290</u>	-	<u>\$-</u>	
KUNSHAN APLUS TEC. CORPORATION	Market stock: Shenzhen Xin Shangrong Electronics Ltd. (Note 2)	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	23,638	<u>\$30,531</u>	2.36%	<u>\$30,531</u>	-	<u>\$-</u>	

Note1: Leader-tech Electronic(Shenzhen) Co., Ltd. decided Leader-tech Electronic(Shenzhen) Co., Ltd. demerger at the meeting of shareholders on June 10, 2022,
and split their stock to Shenzhen Xin Shanghe Electronics Ltd. on July 26, 2022.

Note2:Leader-tech Electronic(Shenzhen) Co., Ltd. decided Leader-tech Electronic(Shenzhen) Co., Ltd. demerger at the meeting of shareholders on February 15, 2022,
and split their stock to Shenzhen Xin Shangrong Electronics Ltd. on April 28, 2022.

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Related Party Transactions with Purchase or Sales Amount of at least NT\$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2023

Attachment 7

(In Thousands of RMB Dollars)

Purchase/ Sale Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Sale	<u>RMB 67,513</u>	20.35%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	<u>RMB 38,891</u>	16.31%	Note
KUNSHAN APLUS TEC CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Purchase	<u>RMB (160,586)</u>	67.94%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	<u>RMB (27,975)</u>	37.06%	Note
DONGTAI APLUS TECHNOLOGY CO., LTD.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Sale	<u>RMB 33,487</u>	53.22%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	<u>RMB 16,161</u>	46.82%	Note
KUNSHAN APLUS TEC CORPORATION	DONG TAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Purchase	<u>RMB (33,487)</u>	14.18%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing, relative parties are 150 days after next monthly closing.	<u>RMB (16,161)</u>	21.23%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES

Receivables from Related Parties of at least NT\$100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 8

(In Thousands of RMB Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent	Loss Allowance
					Amount	Action Taken		
KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Accounts receivable	0.43	RMB -	-	RMB 2,551	RMB -
			RMB 41,443					
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Other receivables	-	RMB -	-	RMB -	RMB -
			RMB 35,000					
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Accounts receivable	1.40	RMB -	-	RMB -	RMB -
			RMB 38,891					

Note1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ASIA ELECTRONIC MATERIAL CO., LTD. AND SUBSIDIARIES
Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2023

Attachment 9

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	<u>2023.01.01~2023.12.31</u>						
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Sales	\$568,469	150 days after next monthly closing	36.71%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Purchase	297,663	150 days after next monthly closing	19.22%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Accounts receivable	121,251	150 days after next monthly closing	4.59%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Other receivables	4,253	150 days after next monthly closing	0.16%
0	Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	1	Accounts payable	168,599	150 days after next monthly closing	6.38%
0	Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	1	Sales	90,152	150 days after next monthly closing	5.82%
0	Asia Electronic Material Co., Ltd.	DONGTAI APLUS TECHNOLOGY CO., LTD.	1	Accounts receivable	167,087	150 days after next monthly closing	6.32%
0	Asia Electronic Material Co., Ltd.	BESTTRADE CO., LTD.	1	Other receivables	76,274	150 days after next monthly closing	2.89%
0	Asia Electronic Material Co., Ltd.	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	1	Other receivables	83	150 days after next monthly closing	-%
0	Asia Electronic Material Co., Ltd.	AMMON TEC INVESTMENT CORP.	1	Other receivables	258	150 days after next monthly closing	0.01%
1	BESTTRADE CO., LTD.	KUNSHAN APLUS TEC. CORPORATION	3	Accounts receivable	80,713	150 days after next monthly closing	3.05%
1	BESTTRADE CO., LTD.	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Other receivables	76,631	150 days after next monthly closing	2.90%
2	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Sales	76,654	150 days after next monthly closing	4.95%
2	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Purchase	147,300	150 days after next monthly closing	9.51%
2	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Accounts receivable	179,664	150 days after next monthly closing	6.80%
2	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Other receivables	151,732	150 days after next monthly closing	5.74%
2	KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	3	Accounts payable	70,063	150 days after next monthly closing	2.65%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0"

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

English Translation of an Audit Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
Asia Electronic Material Co., Ltd.

Opinion

We have audited the accompanying parent-company-only balance sheets of Asia Electronic Material Co., Ltd. (the "Company") as of December 31, 2023 and 2022, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred to as "the parent-company-only financial statements").

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2023 and 2022, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2023.

These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Asia Electronic Material Co., Ltd. recognized NT\$991,610 thousand as revenue for the year ended December 31, 2023. Since the sales locations including Taiwan, China and other countries and the sales conditions for major customers are varied. It is necessary for the Company to judge and determine the performance obligations of a sales order or a contract and the timing of its satisfaction. There are significant risks in the timing and amount of revenue recognition. Therefore, we determined the matter to be a key audit matter. Our audit procedures include, but not limit to, assessing the appropriateness of the accounting policy for revenue recognition, evaluating and testing the effectiveness of relevant internal controls relating to the timing of revenue recognition, performing test of details on selected samples, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing and performance obligation for revenue recognition, performing analytical review procedures on monthly sale and performing cutoff testing for a period before and after the balance sheet date, etc. We also considered the appropriateness of the related disclosures of sales. Please refer to Notes 4 and Note 6 in notes to the parent-company-only financial statements.

Impairment of accounts receivable

As of December 31, 2023, the Company's gross accounts receivable and loss allowance amounted to NT\$355,935 thousand and NT\$(72) thousand, respectively. The net accounts receivable represented 15.60% of the parent-company-only assets and was significant to the Company's parent-company-only financial statements. The amount of loss allowance against accounts receivable is measured at an amount equal to lifetime expected credit losses. The measurement process needs to group the underlying accounts receivable appropriately and judge the application of related assumptions, including proper aging intervals and expected credit loss ratio for each aging interval, to be judged and analyzed. Due to the measurement of expected credit losses involves judgement, analysis and estimation and it has significant impact on carrying value of net accounts receivable, we therefore determined the matter to be a key audit matter. Our audit procedures therefore include, but not limit to, analyzing the appropriateness of the methodology for grouping of accounts receivable, confirming whether the customers with significantly different loss patterns (i.e. similar risk characteristics) are appropriately grouped (i.e. by historical experiences, etc.); testing the provision matrix adopted by the Company, including evaluation on reasonableness of determining aging intervals, and examining

the correctness of original document for basic information: reviewing of accounts receivable subsequent collection for evaluating its recoverability, etc. We also considered the appropriateness of the related disclosures of accounts receivable. Please refer to Notes 5 and Note 6 in notes to the parent-company-only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company 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 2023 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Chen, Kuo-Shuai

/s/Lin, Cheng-Wei

Ernst & Young
February 27th, 2024
Taipei, Taiwan,
Republic of China

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such parent-company-only financial statements are those applied in the Republic of China on Taiwan.

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$130,950	5.74	\$256,182	10.70
1150	Notes receivable, net	4, 6(3), 6(16)	613	0.03	1,515	0.06
1170	Accounts receivable, net	4, 6(4), 6(16)	66,912	2.93	91,951	3.84
1180	Accounts receivable - related parties, net	4, 6(4), 6(16), 7	288,338	12.64	239,131	9.99
1200	Other receivables		24,762	1.09	27,445	1.15
1210	Other receivables - related parties	7	80,868	3.55	86,231	3.60
130X	Inventories	4, 6(5)	6,894	0.30	8,601	0.36
1410	Prepayments		5,196	0.23	1,253	0.05
11XX	Total current assets		<u>604,533</u>	<u>26.51</u>	<u>712,309</u>	<u>29.75</u>
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(2)	10,463	0.46	18,524	0.77
1550	Investment accounted for under equity method	4, 6(6)	1,643,609	72.08	1,647,428	68.80
1600	Property, plant and equipment, net	4, 6(7)	1,165	0.05	955	0.04
1755	Right-of-use assets	4, 6(17)	2,877	0.12	4,332	0.18
1780	Intangible assets	4, 6(8)	133	0.01	233	0.01
1840	Deferred income tax assets	4, 6(21)	16,669	0.73	9,899	0.41
1900	Other non-current assets	6(9)	887	0.04	887	0.04
15XX	Total non-current assets		<u>1,675,803</u>	<u>73.49</u>	<u>1,682,258</u>	<u>70.25</u>
1XXX	Total Assets		<u>\$2,280,336</u>	<u>100.00</u>	<u>\$2,394,567</u>	<u>100.00</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	\$170,000	7.46	\$174,000	7.27
2131	Contract liability	4, 6(15)	-	-	8	-
2150	Notes payable		27,153	1.19	4,386	0.18
2170	Accounts payable		47,053	2.06	58,216	2.43
2180	Accounts payable - related parties	7	168,599	7.39	254,759	10.64
2200	Other payables		15,808	0.69	14,435	0.60
2280	Lease liabilities	4, 6(17)	1,438	0.06	1,413	0.06
2230	Current income tax liabilities	4, 6(21)	9,469	0.42	9,199	0.38
2300	Other current liabilities		287	0.01	318	0.01
2320	Current portion of long-term loans	6(11)	-	-	100,000	4.18
21XX	Total current liabilities		439,807	19.28	616,734	25.75
	Non-current liabilities					
2540	Long-term loans	6(11)	100,000	4.39	-	-
2570	Deferred income tax liabilities	4, 6(21)	198,713	8.71	204,934	8.56
2580	Lease liabilities	4, 6(17)	1,464	0.07	2,902	0.12
2600	Other non-current liabilities	4, 6(12)	22,177	0.97	26,277	1.10
25XX	Total non-current liabilities		322,354	14.14	234,113	9.78
2XXX	Total liabilities		762,161	33.42	850,847	35.53
3100	Capital	6(14)				
3110	Common stock		982,009	43.07	982,009	41.01
3200	Capital surplus	6(14)	192,899	8.46	192,899	8.06
3300	Retained earnings	6(14)				
3310	Legal reserve		68,474	3.00	65,032	2.71
3320	Special reserve		41,956	1.84	41,956	1.75
3350	Unappropriated earnings		228,749	10.03	237,713	9.93
	Total retained earnings		339,179	14.87	344,701	14.39
3400	Other components of equity		4,088	0.18	24,111	1.01
3XXX	Total equity		1,518,175	66.58	1,543,720	64.47
	Total liabilities and equity		\$2,280,336	100.00	\$2,394,567	100.00

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese
ASIA ELECTRONIC MATERIAL CO., LTD.
Parent-Company-Only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(15), 7	\$991,610	100.00	\$1,116,365	100.00
5000	Operating costs	6(5), 7	(889,638)	(89.72)	(1,005,940)	(90.11)
5900	Gross profit		101,972	10.28	110,425	9.89
5910	Unrealized gross profit (loss) from sales		4,024	0.41	(1,183)	(0.10)
	Gross profit from operations		105,996	10.69	109,242	9.79
6000	Operating expenses	6(18)	(15,052)	(1.52)	(13,375)	(1.20)
6100	Sales and marketing		(38,933)	(3.92)	(36,288)	(3.25)
6200	General and administrative		(18,440)	(1.86)	(15,971)	(1.43)
6300	Research and development		(72,425)	(7.30)	(65,634)	(5.88)
	Total operating expenses		33,571	3.39	43,608	3.91
6900	Operating income					
7000	Non-operating income and expenses	6(19)	3,053	0.31	676	0.06
7010	Other income		(6,526)	(0.66)	41,230	3.69
7020	Other gains and losses		(5,741)	(0.58)	(5,310)	(0.48)
7050	Finance costs		20,856	2.10	(26,970)	(2.41)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(6)	11,642	1.17	9,626	0.86
	Total non-operating income and expenses		45,213	4.56	53,234	4.77
7900	Profit (loss) from continuing operations before tax		(8,891)	(0.90)	(18,819)	(1.69)
7950	Income tax expense	4, 6(21)	36,322	3.66	34,415	3.08
8000	Profit (loss) from continuing operations					
8300	Other comprehensive income (loss)	6(20)				
8310	Items that not be reclassified subsequently to profit or loss					
8316	Unrealized gains (losses) from equity instrument investment at fair value through other comprehensive income		5,009	0.51	3,807	0.34
8336	Unrealized gains (losses) from equity instrument investment measured at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		1,979	0.20	7,266	0.65
8349	Income tax related to non-reclassified items		(396)	(0.04)	(1,453)	(0.13)
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(26,654)	(2.69)	32,969	2.95
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		5,331	0.54	(6,594)	(0.59)
	Total other comprehensive income, net of tax		(14,731)	(1.48)	35,995	3.22
8500	Total comprehensive income		\$21,591	2.18	\$70,410	6.30
	Earnings per share (in NT\$)	6(22)				
9750	Earnings per share - basic					
9710	Profit from continuing operations		\$0.37		\$0.35	
9850	Earnings per share - diluted (in NT\$)					
9810	Profit from continuing operations		\$0.37		\$0.35	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
		3100	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as of January 1, 2022	\$982,009	\$192,899	\$47,723	\$41,956	\$358,088	\$(76,317)	\$64,433	\$1,610,791
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve			17,309		(17,309)			-
B5	Cash dividends - common shares					(137,481)			(137,481)
D1	Net income for 2022					34,415			34,415
D3	Other comprehensive income (loss) for 2022						26,375	9,620	35,995
D5	Total comprehensive income (loss)	-	-	-	-	34,415	26,375	9,620	70,410
Z1	Balance as of December 31, 2022	982,009	192,899	65,032	41,956	237,713	(49,942)	74,053	1,543,720
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve			3,442		(3,442)			-
B5	Cash dividends - common shares					(47,136)			(47,136)
D1	Net income for 2023					36,322			36,322
D3	Other comprehensive income (loss) for 2023						(21,323)	6,592	(14,731)
D5	Total comprehensive income (loss)	-	-	-	-	36,322	(21,323)	6,592	21,591
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income					5,292		(5,292)	-
Z1	Balance as of December 31, 2023	\$982,009	\$192,899	\$68,474	\$41,956	\$228,749	\$(71,265)	\$75,353	\$1,518,175

(The accompanying notes are an integral part of the parent-company-only financial statements.)

ASIA ELECTRONIC MATERIAL CO., LTD.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit from continuing operations before tax	\$45,213	\$53,234	B00010	Acquisition of financial assets measured at fair value through OCI	-	(14,717)
A20000	Adjustments:			B00020	Disposal of financial assets measured at fair value through OCI	13,070	-
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(593)	(289)
A20100	Depreciation (including right-of-use assets)	1,842	1,853	BBBB	Net cash provided by (used in) investing activities	12,477	(15,006)
A20200	Amortization	100	100				
A20900	Interest expense	5,741	5,310	CCCC	Cash flows from financing activities:		
A21200	Interest income	(1,611)	(254)	C00100	Increase in (repayment of) short-term loans	(4,000)	(3,035)
A21300	Dividend income	(885)	-	C01600	Increase in long-term loans	100,000	-
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(20,856)	26,970	C01700	Repayment of long-term loans	(100,000)	-
A22500	Gain on disposal of property, plant and equipment	(76)	(84)	C04020	Cash payments for the principal portion of the lease liabilities	(1,498)	(1,442)
A24000	Realized (gains) losses from sales	(4,024)	1,183	C04500	Cash dividends	(47,136)	(137,481)
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(52,634)	(141,958)
A31130	Decrease (increase) in notes receivable	902	(23)	EEEE	Net Increase (decrease) in cash and cash equivalents	(125,232)	173,994
A31150	Decrease (increase) in accounts receivable	25,039	9,244	E00100	Cash and cash equivalents at beginning of period	256,182	82,188
A31160	Decrease (increase) in accounts receivable - related parties	(49,207)	224,259	E00200	Cash and cash equivalents at end of period	\$130,950	\$256,182
A31180	Decrease (increase) in other receivables	2,683	16,763				
A31190	Decrease (increase) in other receivables - related parties	5,363	2,740				
A31200	Decrease (increase) in inventories	1,707	(1,963)				
A31220	Decrease (increase) in prepayments	(3,950)	3,246				
A32130	Increase (decrease) in notes payable	22,767	(41,001)				
A32125	Increase (decrease) in contract liabilities	(8)	-				
A32150	Increase (decrease) in accounts payable	(11,163)	5,406				
A32160	Increase (decrease) in accounts payable - related parties	(86,160)	65,931				
A32180	Increase (decrease) in other payables	1,373	(31,681)				
A32230	Increase (decrease) in other current liabilities	(31)	2				
A33000	Cash generated from (used in) operations	(65,241)	341,235				
A33100	Interest received	1,611	254				
A33200	Dividend received	885	-				
A33300	Interest paid	(5,679)	(5,298)				
A33500	Income tax paid	(16,651)	(5,233)				
AAAA	Net cash provided by (used in) operating activities	(85,075)	330,958				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. HISTORY AND ORGANIZATION

Asia Electronic Material Co., Ltd. (referred to “the Company”) was established on July 7, 2003. Its main business activities include the manufacture of electronic products and sale of electronic materials. The Company’s stocks have been governmentally approved on June 28, 2011 to be listed and traded in Taiwan Taipei Exchange starting September 19, 2011. The registered business premise and main operation address is at 4F., No. 18, Lane 676, Jhonghua Rd, Jhubei City, Hsinchu County 302, Taiwan (R.O.C)

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUA

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on February 27, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Company assesses that there will be no significant impact on the Company's financial Statements then.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses that there will be no significant impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following.

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Company holds the asset primarily for the purpose of trading.
- (c) The Company expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) The Company's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

(B) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows.

Raw materials - At actual purchase cost, using weighted average method

Finished goods and work in progress - Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate. After the interest in the associate 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. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company’s related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Machinery	8 years
Office equipment	4~6 years
Lease improvement	8~16 years
Other equipment	4~10 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment’s residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Company assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- 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 by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Company's accounting policies for intangible assets are as follows:

	Cost of Computer Software	Cost of Patent
Useful economic life	5 years	6 years
Amortization method	Straight-line method during the contract term	Straight-line method during the patent term
Internally generated or acquired externally	Acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is flexible printed circuit (FPC) and revenue is recognized based on the consideration stated in the contract. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Company's sale of goods is from 60 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent-company-only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(18) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and recognized accordingly.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivable – estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and petty cash	\$50	\$50
Checking and savings	130,900	256,132
Total	<u>\$130,950</u>	<u>\$256,182</u>

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

	As of December 31,	
	2023	2022
Financial assets held for trading		
Listed companies stocks	\$6,939	\$14,717
Valuation adjustment of financial assets as measured by fair value through other comprehensive income	<u>3,524</u>	<u>3,807</u>
Total	<u>\$10,463</u>	<u>\$18,524</u>
Non-current	<u>\$10,463</u>	<u>\$18,524</u>

The Company classified part of financial assets as financial assets at fair value through other comprehensive income. No financial asset at fair value through other comprehensive income was pledged as collateral.

(3) Notes receivable

	As of December 31,	
	2023	2022
Notes receivable – from operations	\$613	\$1,515
Less: loss allowance	-	-
Net	<u>\$613</u>	<u>\$1,515</u>

No notes receivable was pledged by the Company as collateral.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6 (16) for more details on accumulated impairment and Note 12 for more details on credit risk management.

(4) Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable and accounts receivable - related parties, net

	As of December 31,	
	2023	2022
Accounts receivable, gross	\$66,984	\$92,023
Less: loss allowance	(72)	(72)
Net of allowances	66,912	91,951
Accounts receivable - related parties,		
gross	288,338	239,131
Less: loss allowance	-	-
Net of allowances	288,338	239,131
Total accounts receivable, net	\$355,250	\$331,082

B. Accounts receivable were not pledged.

C. Accounts receivable are generally on 60-180 day terms. The total carrying amount for the years ended December 31, 2023 and 2022, are NT\$355,322 thousand and NT\$331,154 thousand, respectively. Please refer to Note 6 (16) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

D. The Company entered into factoring agreements with banks. Accounts receivable from selected customers are transferred to banks without recourse. In addition to transferring the contractual rights of receivables cash flow, the Company does not need to bear the credit risk of unrecoverable receivables (except for commercial disputes) according to the contract, and meets the conditions for the derecognition of financial assets. As of December 31, 2023 and 2022, details of the agreed credit limits and accounts receivables transferred were as follows:

In Thousands of USD					
Financial Institution	Accounts receivable derecognized	Advance received	Interest rate	Collateral	Credit limit
<u>12/31/2023</u>					
			1M TAIEX 03+0.6% divide by	Promissory Note	
Taipei Fubon Bank	<u>USD 180</u>	<u>USD 153</u>	0.946	<u>USD 90</u>	<u>USD 200</u>
Shin Kong Bank	<u>USD 750</u>	<u>USD -</u>	Negotiation	<u>None</u>	<u>USD 2,700</u>
<u>12/31/2022</u>					
			1M TAIEX 03+0.6% divide by	Promissory Note	
Taipei Fubon Bank	<u>USD 91</u>	<u>USD 77</u>	0.946	<u>USD 90</u>	<u>USD 2,200</u>
Shin Kong Bank	<u>USD 1,340</u>	<u>USD 463</u>	Negotiation	<u>None</u>	<u>USD 4,700</u>

(5) Inventory

A. Details of inventory:

	As of December 31,	
	2023	2022
Raw material	\$1,708	\$3,676
Merchandises	5,186	4,925
Total	<u>\$6,894</u>	<u>\$8,601</u>

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

- B. For the years ended December 31, 2023 and 2022, the Company recognized NT\$889,638 thousand and NT\$1,005,940 thousand under the caption of costs of sale, respectively, including loss (gain) from inventory market decline for NT\$(206) thousand and NT\$785, respectively.

The Company recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed for the year ended December 31, 2023.

- C. The inventories were not pledged.

(6) Investments accounted for under the equity method

Investee companies	As of December 31,			
	2023		2022	
	Percentage of Ownership		Percentage of Ownership	
	Amount		Amount	
Investments in subsidiaries:				
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	\$1,560,534	100%	\$1,562,686	100%
BESTTRADE CO., LTD.	83,075	100%	84,742	100%
Total	<u>\$1,643,609</u>		<u>\$1,647,428</u>	

A. Investments in subsidiaries

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

- B. The Company's investments accounted for under the equity method were not pledged.

Notes to Parent-Company-Only Financial Statements (Continued)

C. In order to expand the market in China and develop the local supply chain, the Company's Board of Directors' meetings resolved to invest in a new electronic functional material project in the eastern area of Jiangsu Dongtai Economic Development Zone on April 27, 2018. The company invested in the AMMON TEC. INVESTMENT CORP., a subsidiary of ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD., remitted the investment amount of RMB30,000 thousand, RMB20,000 thousand and RMB20,000 thousand in 2018, 2019, 2021, respectively through the surplus distribution and reinvestment of KUNSHAN APLUS TEC. CORPORATION for a total of RMB70,000 thousand, and acquired 100% equity of DONGTAI APLUS TECHNOLOGY CO., LTD. Waited for the partnership formed by employees to remit its investment, AMMON TEC. INVESTMENT CORP. will hold 85% of the equity of DONGTAI APLUS TECHNOLOGY CO., LTD, and a partnership company composed of employees will hold 15%. As of the financial report date, this investment project is still in progress.

(7) Property, plant and equipment

A. Owner occupied property, plant and equipment

	Machinery and equipment	Office equipment	Lease improvement	Other equipment	Total
<u>Cost:</u>					
As of 1/1/2023	\$102	\$4,201	\$6,498	\$11,819	\$22,620
Addition	-	341	252	-	593
Disposals	-	(649)	(1,088)	-	(1,737)
As of 12/31/2023	\$102	\$3,893	\$5,662	\$11,819	\$21,476
As of 1/1/2022	\$102	\$3,931	\$6,498	\$13,030	\$23,561
Addition	-	289	-	-	289
Disposals	-	(19)	-	(1,211)	(1,230)
As of 12/31/2022	\$102	\$4,201	\$6,498	\$11,819	\$22,620

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

	Machinery and equipment	Office equipment	Lease improvement	Other equipment	Total
<u>Depreciation and impairment:</u>					
As of 1/1/2023	\$102	\$3,657	\$6,498	\$11,408	\$21,665
Depreciation	-	215	43	125	383
Disposals	-	(649)	(1,088)	-	(1,737)
As of 12/31/2023	\$102	\$3,223	\$5,453	\$11,533	\$20,311
As of 1/1/2022	\$102	\$3,517	\$6,408	\$12,408	\$22,435
Depreciation	-	159	90	211	460
Disposals	-	(19)	-	(1,211)	(1,230)
As of 12/31/2022	\$102	\$3,657	\$6,498	\$11,408	\$21,665
<u>Net carrying amount:</u>					
As of 12/31/2023	\$-	\$670	\$209	\$286	\$1,165
As of 12/31/2022	\$-	\$544	\$-	\$411	\$955

Property, plant and equipment were not pledged.

(8) Intangible assets

	Computer software	Technology licensing	Total
<u>Cost:</u>			
As of January 1, 2023	\$-	\$1,000	\$1,000
Additions – acquired separately	-	-	-
Derecognized upon retirement	-	-	-
As of December 31, 2023	\$-	\$1,000	\$1,000
As of January 1, 2022	\$-	\$1,000	\$1,000
Additions – acquired separately	-	-	-
Derecognized upon retirement	-	-	-
As of December 31, 2022	\$-	\$1,000	\$1,000

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

	Computer software	Technology licensing	Total
<u>Amortization and impairment:</u>			
As of January 1, 2023	\$-	\$767	\$767
Amortization	-	100	100
Derecognized upon retirement	-	-	-
As of December 31, 2023	<u>\$-</u>	<u>\$867</u>	<u>\$867</u>
As of January 1, 2022	\$-	\$667	\$667
Amortization	-	100	100
Derecognized upon retirement	-	-	-
As of December 31, 2022	<u>\$-</u>	<u>\$767</u>	<u>\$767</u>
<u>Carrying amount, net:</u>			
As of December 31, 2023	<u>\$-</u>	<u>\$133</u>	<u>\$133</u>
As of December 31, 2022	<u>\$-</u>	<u>\$233</u>	<u>\$233</u>

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2023	2022
Research and development	<u>\$100</u>	<u>\$100</u>

(9) Other non-current assets

	As of December 31,	
	2023	2022
Prepayment for equipment	\$530	\$530
Refundable deposits	357	357
Total	<u>\$887</u>	<u>\$887</u>

Notes to Parent-Company-Only Financial Statements (Continued)

(10) Short-term loans

	As of December 31,	
	2023	2022
Unsecured bank loans	\$170,000	\$174,000
Interest interval (%)	1.98%~2.353%	1.79%~2.125%

As of December 31, 2023 and 2022, the line of unused short-term loans credit for the Company amounted to NT\$312,820 thousand and NT\$157,420 thousand, respectively.

(11) Long-term loans

Details of long-term loans were as follows:

Lenders	As of 12/31/2023	Interest Rate(%)	Repayment
Agricultural Bank of Taiwan-Mid-term credit loan	\$100,000	Index rate plus 0.63%	Payment of interest monthly, and repayment of principal when due.
Less: current portion	-		
Total	\$100,000		

Lenders	As of 12/31/2022	Interest Rate(%)	Repayment
Agricultural Bank of Taiwan-Mid-term credit loan	\$100,000	Index rate plus 0.523%	Payment of interest monthly, and repayment of principal when due.
Less: current portion	(100,000)		
Total	\$-		

(12) Other non-current liabilities

	As of December 31,	
	2023	2022
Deferred Credits	\$22,177	\$26,277

(13) Post-employment benefits plans

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 are NT\$1,038 thousand and NT\$992 thousand, respectively.

(14) Equity

A. Common stock

As of December 31, 2023 and 2022, the Company's authorized capital was NT\$1,500,000 thousand. The Company's paid-in capital was NT\$982,009 thousand, each share at par value of NT\$10, divided into 98,200,868 shares.

B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	\$133,912	\$133,912
Employee stock option	32,665	32,665
Share options- convertible bonds	13,843	13,843
Others	12,479	12,479
Total	\$192,899	\$192,899

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Appropriation of earnings and dividend policies

(a) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(b) Special reserve

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of December 31, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$41,956 thousand accordingly.

(c) Earning distribution(1) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(2) Dividend policies

For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% and more than 90% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

- (3) The appropriations of earnings for the years 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meetings held on February 27, 2024 and May 24, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2023	2022	2023	2022
Legal reserve	\$4,161	\$3,442		
Cash dividend	49,100	47,136	\$0.50	\$0.48
Total	<u>\$53,261</u>	<u>\$50,578</u>		

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors.

Notes to Parent-Company-Only Financial Statements (Continued)

(15) Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from customer with contracts		
Sales of goods	\$991,610	\$1,116,365

Analysis of revenue from contracts with customers during the year ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
Sales of FPC	\$991,610	\$1,116,365
The timing for revenue recognition:		
At a point in time	\$991,610	\$1,116,365

B. Contract balances

(a) Contract liabilities – current

	As of		
	Beginning Balance	Ending Balance	Difference
Sales of goods	\$8	\$-	\$(8)

The Company's contract liabilities balance decreased in the year ended December 31, 2023. The Company has fulfilled its contractual obligations, and all related revenue has been recognized.

C. Transaction price allocated to unsatisfied performance obligation: None.

D. Assets recognized from cost to fulfil a contract: None.

(16) Expected credit losses (gains)

	For the year ended December 31,	
	2023	2022
Operating expenses – Expected credit losses / (gains)		
Notes receivable	\$-	\$-
Accounts receivable	-	-
Total	\$-	\$-

Please refer to Note 12 for more details on credit risk.

The Company measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2023 and 2022, there was no other receivables pass due. Furthermore, the Company assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Company measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

The Company considers the grouping of accounts receivable by counter parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

Notes to Parent-Company-Only Financial Statements (Continued)

12/31/2023

(a) Group one

December 31, 2023	Not past due (Note)	Past due		Total
		Within 90 days	91-120 days	
Gross carrying amount	\$67,597	\$-	\$-	\$67,597
Loss ratio	0.11%	-%	-%	
Lifetime expected credit losses	(72)	-	-	(72)
Subtotal	\$67,525	\$-	\$-	\$67,525

(b) Group two

	Not past due (Note)	Past due				Total
		Within 90 days	91-120 days	121-150 days	Over 270 days	
Gross carrying amount	\$150,508	\$35,841	\$18,381	\$83,608	\$-	\$288,338
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$150,508	\$35,841	\$18,381	\$83,608	\$-	\$288,338

12/31/2022

(a) Group one

December 31, 2022	Not past due (Note)	Past due		Total
		Within 90 days	91-120 days	
Gross carrying amount	\$93,538	\$-	\$-	\$93,538
Loss ratio	0.08%	-%	-%	
Lifetime expected credit losses	(72)	-	-	(72)
Subtotal	\$93,466	\$-	\$-	\$93,466

Notes to Parent-Company-Only Financial Statements (Continued)

(b) Group two

	Not past due (Note)	Past due				Total
		Within 90 days	91-120 days	121-150 days	Over 270 days	
Gross carrying amount	\$239,131	\$-	\$-	\$-	\$-	\$239,131
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	\$239,131	\$-	\$-	\$-	\$-	\$239,131

Note: All the Company's notes receivable were not past due.

The movement in the provision for impairment of accounts receivable during the years ended December 31, 2023 and 2022 are as follows:

	Accounts receivable
Beginning balance as of January 1, 2022	\$72
Addition/(reversal) for the current period	-
Write off	-
Beginning balance as of January 1, 2023	72
Addition/(reversal) for the current period	-
Write off	-
Ending balance as of December 31, 2023	\$72

(17) Leases

A. Company as a lessee

The Company leases various properties, including buildings and office equipment. These leases have terms of between 4 and 5 years. The Company may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

a. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of -use assests

	As of December 31,	
	2023	2022
Buildings	\$2,877	\$4,315
Office Equipment	-	17
Total	\$2,877	\$4,332

(b) Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	\$2,902	\$4,315
Current	\$1,438	\$1,413
Non-current	1,464	2,902
Total	\$2,902	\$4,315

Please refer to Note 6(19)(3) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

Notes to Parent-Company-Only Financial Statements (Continued)

b. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December 31,	
	2023	2022
Buildings	\$1,438	\$1,352
Office Equipment	21	41
Total	\$1,459	\$1,393

c. Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$17	\$1

d. Cash outflow relating to leasing activities

During the year ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounting NT\$1,515 thousand and NT\$1,443 thousand, respectively.

(18) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function Nature	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit						
Salaries	\$-	\$33,267	\$33,267	\$-	\$31,529	\$31,529
Labor and health insurance	-	2,071	2,071	-	2,484	2,484
Pension	-	1,038	1,038	-	992	992
Directors' remuneration	-	1,559	1,559	-	1,836	1,836
Other employee benefit	-	2,444	2,444	-	1,162	1,162
Depreciation	-	1,842	1,842	-	1,853	1,853
Amortization	-	100	100	-	100	100

- (1) The headcounts of the Company amounted to 28 both, as of December 31, 2023 and 2022. Among the Company's directors, there were 8 who were not the employees.
- (2) Companies who have been listed on Taiwan Stock Exchange or Taiwan Over – The Counter Securities Exchange should disclose the following information:
- (a) Average employee benefits of 2023 and 2022 are NT\$1,941 thousand and NT\$1,808 thousand, respectively.
- (b) Average salaries of 2023 and 2022 are NT\$1,663 thousand and NT\$1,576 thousand, respectively.
- (c) Change in average salaries are 5.51%.
- (d) The salary and remuneration policy of the Company:

According to Articles 32 of the Company's Articles of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In addition, according to Articles 28 of the Company's Articles of Incorporation, the Company pays remuneration to directors for performing duties whether the Company makes profit or not. The Company authorizes the Board of Directors to determine the remunerations which are allocated according to directors performance, level of contribution referencing the industry standards.

- (3) According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

- (4) The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2023 and 2022 to be not lower than 10% and not higher than 5% of profit of the current period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2023 amounted to NT\$5,197 thousand and NT\$1,559 thousand, respectively, and, for the year ended December 31, 2022 amounted to NT\$6,119 thousand and NT\$1,836 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salaries.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$5,197 thousand and NT\$1,559 thousand, respectively, in a meeting held on February 27, 2024. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$6,119 thousand and NT\$1,836 thousand, respectively, in a meeting held on February 23, 2023. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

Notes to Parent-Company-Only Financial Statements (Continued)

(19) Non-operating incomes and expenses

A. Other incomes

	For the year ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	\$1,611	\$254
Dividend income	885	-
Other income — others	557	422
Total	<u>\$3,053</u>	<u>\$676</u>

B. Other gains and losses

	For the year ended December 31,	
	2023	2022
Foreign exchange gain (loss), net	\$(6,544)	\$41,146
Gain from disposal of property, plant and equipment	76	84
Other expenses	(58)	-
Total	<u>\$(6,526)</u>	<u>\$41,230</u>

C. Finance costs

	For the year ended December 31,	
	2023	2022
Interests on bank loans	\$5,679	\$5,298
Interest on lease liabilities	62	12
Total	<u>\$5,741</u>	<u>\$5,310</u>

Notes to Parent-Company-Only Financial Statements (Continued)

(20) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Other comprehensive income	Income tax benefit (expense)	OCI, Net of tax
Not reclassified to profit or loss:					
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income of subsidiaries, associates and joint ventures	\$1,979	\$-	\$1,979	\$(396)	\$1,583
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	10,301	(5,292)	5,009	-	5,009
May be reclassified to profit or loss in subsequent period:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	(26,654)	-	(26,654)	5,331	(21,323)
Total OCI	<u>\$(14,374)</u>	<u>\$(5,292)</u>	<u>\$(19,666)</u>	<u>\$4,935</u>	<u>\$(14,731)</u>

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Other comprehensive income	Income tax benefit (expense)	OCI, Net of tax
Not reclassified to profit or loss:					
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income of subsidiaries, associates and joint ventures	\$7,266	\$-	\$7,266	\$(1,453)	\$5,813
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	3,807	-	3,807	-	3,807
May be reclassified to profit or loss in subsequent period:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	32,969	-	32,969	(6,594)	26,375
Total OCI	\$44,042	\$-	\$44,042	\$(8,047)	\$35,995

(21) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense:		
Current income tax expense	\$6,133	\$7,394
Adjustment in respect of current income tax of prior periods	10,814	5,233
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	2,732	6,192
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(10,788)	-
Total income tax expense	<u>\$8,891</u>	<u>\$18,819</u>

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2023	2022
Deferred income tax expense (income):		
Share of other comprehensive income of subsidiaries accounted for under equity method	<u>\$(4,935)</u>	<u>\$8,047</u>

Notes to Parent-Company-Only Financial Statements (Continued)

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	\$45,213	\$53,234
Tax payable at the enacted tax rates	\$9,042	\$10,647
Tax effect of tax free gain	(177)	-
Tax effect of expenses not deductible for tax purposes	-	2,024
Surtax on undistributed earnings	-	915
Adjustment in respect of current income tax of prior periods	26	5,233
Total income tax recognized in profit or loss	\$8,891	\$18,819

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealized loss on inventory valuation	\$263	\$(41)	\$-	\$222
Unrealized gross profits	2,772	(805)	-	1,967
Gain on disposal of property, plant and equipment	2,484	(15)	-	2,469
Unrealized exchange loss (gain)	2,688	2,300	-	4,988
Investments accounted for using the equity method	(177,437)	6,617	-	(170,820)
Exchange differences on translation of foreign financial statements	1,692	-	5,331	7,023
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(27,497)	-	(396)	(27,893)
Deferred tax income/ (expense)		<u>\$8,056</u>	<u>\$4,935</u>	
Net deferred tax assets/(liabilities)	<u>\$(195,035)</u>			<u>\$(182,044)</u>
Reflected in balance sheets as follows:				
Deferred tax assets	<u>\$9,899</u>			<u>\$16,669</u>
Deferred tax liabilities	<u>\$(204,934)</u>			<u>\$(198,713)</u>

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized loss on inventory				
valuation	\$106	\$157	\$-	\$263
Unrealized gross profits	2,535	237	-	2,772
Gain on disposal of property,				
plant and equipment	2,501	(17)	-	2,484
Unrealized exchange loss (gain)	2,871	(183)	-	2,688
Investments accounted for using				
the equity method	(172,043)	(5,394)	-	(177,437)
Unused tax losses	992	(992)	-	-
Exchange differences on				
translation of foreign financial				
statements	8,286	-	(6,594)	1,692
Unrealized gains (losses) from				
equity instruments investments				
measured at fair value through				
other comprehensive income	(26,044)	-	(1,453)	(27,497)
Deferred tax income/ (expense)		<u>\$(6,192)</u>	<u>\$(8,047)</u>	
Net deferred tax assets/(liabilities)	<u>\$(180,796)</u>			<u>\$(195,035)</u>
Reflected in balance sheets as				
follows:				
Deferred tax assets	<u>\$17,291</u>			<u>\$9,899</u>
Deferred tax liabilities	<u>\$(198,087)</u>			<u>\$(204,934)</u>

D. The assessment of income tax returns

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021

(22) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$36,322	\$34,415
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	98,201	98,201
Basic earnings per share (in NT\$)	\$0.37	\$0.35

B. Diluted earnings per share

	For the year ended December 31,	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$36,322	\$34,415
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$36,322	\$34,415
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	98,201	98,201
Effect of dilution:		
Employee compensation – stock (in thousands)	297	585
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	98,498	98,786
Diluted earnings per share (in NT\$)	\$0.37	\$0.35

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	Subsidiary
BESTTRADE CO., LTD.	Subsidiary
AMMON TEC. INVESTMENT CORP.	Subsidiary
KUNSHAN APLUS TEC. CORPORATION	Subsidiary
DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary

(2) Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2023	2022
KUNSHAN APLUS TEC. CORPORATION	\$568,469	\$570,450
DONGTAI APLUS TECHNOLOGY CO., LTD.	90,152	150,282
Total	<u>\$658,621</u>	<u>\$720,732</u>

A. The products sold by the Company to related parties are not sold to other clients. Thus, transaction prices are not reasonably comparable.

B. The collection terms for related parties and non-related parties are 150 days after next monthly closing and 60 to 180 days after monthly closing, respectively, from the end of delivery month in the year ended December 31, 2023 and 2022.

C. The amount of materials purchased for related parties in the year ended December 31, 2023 and 2022 was NT\$139,073 thousand and NT\$149,020 thousand, respectively, and sales revenue has been written off in the financial statements.

D. The Company purchased equipments for related parties in the year ended December 31, 2023 and 2022 resulting unrealized other income of NT\$58 thousand and NT\$4 thousand, respectively, and recognized as other non-current liabilities.

B. Purchases

	For the year ended December 31,	
	2023	2022
KUNSHAN APLUS TEC. CORPORATION	<u>\$297,663</u>	<u>\$353,525</u>

(a) The product specification of goods purchased from related parties, differed from those purchased from other vendors. Thus, transaction prices are not reasonably comparable.

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

- (b) The payment terms for related parties and non-related parties are 150 days after next monthly closing and 45 to 90 days after monthly closing, respectively, from the end of delivery month in the year ended December 31, 2023 and 2022.

C.Accounts receivable - related parties

	As of December 31,	
	2023	2022
KUNSHAN APLUS TEC. CORPORATION	\$121,251	\$136,132
DONGTAI APLUS TECHNOLOGY CO., LTD.	167,087	102,999
Total	\$288,338	\$239,131

D.Other receivables - related parties

	As of December 31,	
	2023	2022
BESTTRADE CO., LTD.	\$76,274	\$81,564
Subsidiaries	4,594	4,667
Total	\$80,868	\$86,231

E.Account payable - related parties

	As of December 31,	
	2023	2022
KUNSHAN APLUS TEC. CORPORATION	\$168,599	\$254,759

F.Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2023	2022
Short-term employee benefits	\$12,110	\$11,881
Post-employee benefits	195	189
Total	\$12,305	\$12,070

Notes to Parent-Company-Only Financial Statements (Continued)

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Company's unused letters of credit (LC) as of December 31, 2023 were as follows:

<u>Currency</u>	<u>LC Amount (in thousand)</u>	<u>Security (in thousand)</u>
JPY	JPY 42,278	\$-

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets at fair value through OCI	\$10,463	\$18,524
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	130,900	256,132
Notes receivables, net	613	1,515
Accounts receivables (included related parties), net	355,250	331,082
Other receivables (included related parties)	105,630	113,676
Subtotal	592,393	702,405
Total	\$602,856	\$720,929

Notes to Parent-Company-Only Financial Statements (Continued)

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities measured at amortized cost:		
Short-term loans	\$170,000	\$174,000
Accounts payable and other payables	258,613	331,796
Long-term loans (including current portion with maturity less than 1 year)	100,000	100,000
Lease liabilities	2,902	4,315
Total	<u>\$531,515</u>	<u>\$610,111</u>

(2) Objectives and policies of financial risk management

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$1,394 thousand and NT\$1,746 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT\$64 thousand and NT\$32 thousand, respectively.

Equity price risk

The fair value of the Company's listed equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$105 thousand and NT\$185 thousand on the equity attributable to the Company for the year ended December 31, 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company's internal credit ratings. The Company also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers were accounted for 96.86% and 96.29% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions with investment-grade credit ratings.

Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, bank loans, convertibal bonds, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
<u>As of December 31, 2023</u>					
Loans	\$172,809	\$102,039	\$-	\$-	\$274,848
Payables	258,613	-	-	-	258,613
Lease Liabilities	1,476	1,476	-	-	2,952
<u>As of December 31, 2022</u>					
Loans	\$275,204	\$-	\$-	\$-	\$275,204
Payables	331,796	-	-	-	331,796
Lease Liabilities	1,476	1,475	1,476	-	4,427

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$174,000	\$100,000	\$4,315	\$278,315
Cash flows	(4,000)	-	(1,498)	(5,498)
Non-cash changes				
Lease modification	-	-	23	23
Interest of lease liabilities	-	-	62	62
As of December 31, 2023	<u>\$170,000</u>	<u>\$100,000</u>	<u>\$2,902</u>	<u>\$272,902</u>

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$177,035	\$100,000	\$1,368	\$278,403
Cash flows	(3,035)	-	(1,442)	(4,477)
Non-cash changes				
Lease modification	-	-	4,377	4,377
Interest of lease liabilities	-	-	12	12
As of December 31, 2022	<u>\$174,000</u>	<u>\$100,000</u>	<u>\$4,315</u>	<u>\$278,315</u>

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Company in estimating the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(c) Fair value of debt instruments without bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for Fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Notes to Parent-Company-Only Financial Statements (Continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Equity instrument measured at fair value through OCI	<u>\$10,463</u>	<u>\$-</u>	<u>\$-</u>	<u>\$10,463</u>

As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Equity instrument measured at fair value through OCI	<u>\$18,524</u>	<u>\$-</u>	<u>\$-</u>	<u>\$18,524</u>

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Notes to Parent-Company-Only Financial Statements (Continued)

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

As of December 31,			
2023			
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$5,923	30.705	\$181,871
<u>Financial liabilities</u>			
Monetary items:			
USD	\$1,360	30.705	\$41,759
As of December 31,			
2022			
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$7,523	30.71	\$231,037
<u>Financial liabilities</u>			
Monetary items:			
USD	\$1,809	30.71	\$55,556

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31,	
	2023	2022
USD	\$(1,098)	\$46,077
Other	(5,446)	(4,931)
Total	\$(6,544)	\$41,146

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 1.

D. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 2.

H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 3.

I. Derivative instrument transactions: None.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 4.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: Please refer to attachment 5.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 7.

(h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

Notes to Parent-Company-Only Financial Statements (Continued)

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	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	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
KUNSHAN APLUS TEC. CORPORATION	Production of FPC and protective film	\$587,534	(Note 1)	\$587,534	\$-	\$-	\$587,534	\$51,389	100%	\$51,389 (Note 2 and Note 3)	\$1,314,617 (Note 2)	\$-	\$587,534	\$587,534	\$910,905

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Asia Electronic Material Co., Ltd.

Notes to Parent-Company-Only Financial Statements (Continued)

Name of Investee in China	Main Business	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	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
DONGTAI APLUS TECHNOLOGY CO., LTD.	Production of multilayer flexible boards, copper foil substrates, and development of materials for electronics	\$310,047	(Note 1 and Note 4)	\$-	\$-	\$-	\$-	\$(28,856)	100%	\$(28,856) (Note 2 and Note 3)	\$246,247 (Note 2)	\$-	\$-	\$310,047	

Note 1: Reinvest in mainland China through a third-region company.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheets date.

Note 3: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 4: The Company remitted the investment amount of RMB30,000 thousand, RMB20,000 thousand and RMB20,000 thousand in 2018, 2019, 2021, respectively through the surplus distribution and reinvestment of KUNSHAN APLUS TEC. CORPORATION for a total of RMB70,000 thousand.

Notes to Parent-Company-Only Financial Statements (Continued)

B. Purchase and balances of related accounts payable as of December 31, 2023:

	Purchases		Accounts Payable	
		% to Net		% to Account
	Amount	Purchase	Amount	Balance
KUNSHAN APLUS TEC. CORPORATION	\$297,663	33.51%	\$168,599	69.44%

C. Sales, the ending balance of related accounts receivable and their weightings.

	Sales		Accounts receivable	
		% to Net		% to Account
	Amount	Sales	Amount	Balance
KUNSHAN APLUS TEC. CORPORATION	\$568,469	57.33%	\$121,251	34.07%
DONGTAI APLUS TECHNOLOGY CO., LTD.	90,152	9.10%	167,087	46.95%
Total	\$658,621	66.43%	\$288,338	81.02%

D. Property transaction amounts and resulting gain or loss: None

E. Ending balance of endorsements/guarantees or collateral provided and the purposes:
None.F. Maximum balance, ending balance, interest rate range and total interest for current period
from financing provided to others: Please refer to attachment 1 and 6.G. Transactions that have significant impact on profit or loss of current period or the
financial position, such as services provided or rendered:

- a. For the year ended December 31, 2023, the Company purchased materials for KUNSHAN APLUS TEC. CORPORATION was NT\$139,073 thousand.
- b. For the year ended December 31, 2023, the balance of other receivables amounted to NT\$4,253 thousand. The other receivables resulted from KUNSHAN APLUS TEC. CORPORATION collected on delivery to the Company.

(4) Information on major shareholders:

As of December 31, 2023, the Company has no shareholders holding more than 5% of the shares.

14. SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

Attachment 1

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	As of December 31, 2023				Note (Note 4)
				Shares / Units	Carrying Amount (Note 3)	Shareholding %	Fair Value	
Asia Electronic Material Co., Ltd	Market stock: Ventec International Group Co., Ltd.	-	Equity at fair value through OCI instrument investment - non current	116,000	\$6,939	0.16	<u>\$10,463</u>	None
			Add: Valuation adjustments		<u>3,524</u>			
			Total		<u>\$10,463</u>			

Note 1: The marketable securities mentioned in Attachment refer to stocks, bonds, beneficiary certificates and securities derived from above mentioned items within in the scope of IFRS9 Financial Instruments.

Note 2: If issuer of marketable securities is not related party, don't fill in this field.

Note 3: Financial Instruments measured by fair value, please fill in the book value after the adjustment of the valuation deduct the accumulated impairments amount in the column; not measured by fair value, please fill in the original acquisition cost or amortized cost deduct the accumulated impairment amount in the column.

Note 4: If there are securities have provided guarantees, pledged loans, or other restricted users according to the agreement, the number and the amount of shares provided with guarantees or pledges, and the restricted use conditions should be indicated in the column.

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Related Party Transactions with Purchase or Sales Amount of at least NT\$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2023

Attachment 2

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Sales	\$568,469 (Note 1)	57.33%	150 days after next monthly closing.	The products are only purchased by the related party. Cannot be reasonably compared.	None related parties are 60~180 days after monthly closing. Related parties are 150 days after next monthly closing.	\$121,251 (Accounts receivable)	34.07%	
Asia Electronic Material Co., Ltd.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Purchase	\$(297,663)	33.51%	150 days after next monthly closing.	The products are only purchased by the related party. Cannot be reasonably compared.	None related parties are 45~90 days after monthly closing. Related parties are 150 days after next monthly closing.	\$(168,599) (Accounts payable)	69.44%	

Note 1: The amount has already been deducted from the holding company purchasing materials amount of KUNSHAN APLUS TEC. CORPORATION for 139,073 thousand dollars.

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Receivables from Related Parties of at Least NT\$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 3

(In Thousands of NTD Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
ASIA ELECTRONIC MATERIAL CO., LTD.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Accounts receivable	4.42	\$-		\$101,926	\$-
			\$121,251					
			Other receivables					
			\$4,253					
ASIA ELECTRONIC MATERIAL CO., LTD.	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Accounts receivable	0.67	\$-		\$-	\$-
			\$167,087					

ASIA ELECTRONIC MATERIAL CO., LTD.

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
ASIA ELECTRONIC MATERIAL CO., LTD	ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD.	Samoa	Investing activities	\$587,534	\$587,534	18,265,100	100.00%	\$1,560,534	\$22,533	\$22,533	Subsidiary
ASIA ELECTRONIC MATERIAL CO., LTD.	BESTTRADE CO., LTD.	Samoa	Electronic materials trading and business which relates to import and export	97,471	97,471	2,950,000	100.00%	83,075	(1,677)	(1,677)	Subsidiary
ASIA ELECTRONIC MATERIAL HOLDING (SAMOA) CO., LTD	AMMON TEC INVESTMENT CORP.	British Virgin Islands	Investing activities	556,382 (USD 18,260)	556,382 (USD 18,260)	18,260,000	100.00%	1,560,612 (USD 50,826)	22,533 (USD 723)	22,533 (USD 723)	Subsidiary

ASIA ELECTRONIC MATERIAL CO., LTD.

Financing provided to others

For the year ended December 31, 2023

Attachment 5

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter- party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
1	KUNSHAN APLUS TEC CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Other receivables -related parties	Yes	\$260,112	\$260,112	\$151,732	-	2	\$-	Business turnover	\$-	-	\$-	\$525,847	\$525,847

Note 1: Asia Electronic Material Co., Ltd. and subsidiaries are coded as follows:

1. Asia Electronic Material Co., Ltd. is coded "0"
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1. Need for operating is coded "1"
2. Need for short term financing is coded "2"

Note 3: Limit of total financing amount shall not exceed 40% of the lender's net assets of value, which audited by CPA in current period, as of December 31, 2022.

Limit and reason of financing amount for individual counter-party is seted as follows: 31, 2022.

1. Limit of total financing amount which need for operating shall not exceed transaction amount between two parties in prior year and current year.
2. Limit of total financing amount need for short term financing not exceed 40% of the lender's net assets of value, which audited by CPA in recent period. The financing amount refers to the cumulative balance of the company's short-term financing funds
3. The total financing amount shall not exceed 100% of The Company's net assets of value, which audited by CPA in recent period, is limited between foreign subsidiaries which held directly or indirectly for 100% voting shares by The Company.

ASIA ELECTRONIC MATERIAL CO., LTD.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Guarantee, Pledge or Other Restricted Conditions		
				Shares/ Units	Carrying Amount	%	Fair Value	Shares	Carrying Amount	Note
KUNSHAN APLUS TEC. CORPORATION	Market stock: Leader-tech Electronics (Shenzhen) Co., Ltd.	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	1,538,747	<u>\$69,443</u>	2.36%	<u>\$69,443</u>	-	<u>\$-</u>	
KUNSHAN APLUS TEC. CORPORATION	Market stock: Shenzhen Xin Shanghe Electronics Ltd. (Note 1)	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	3,021,312	<u>\$35,290</u>	2.36%	<u>\$35,290</u>	-	<u>\$-</u>	
KUNSHAN APLUS TEC. CORPORATION	Market stock: Shenzhen Xin Shangrong Electronics Ltd. (Note 2)	The investee of the subsidiary	Equity instrument investment at fair value through OCI (non-current)	23,638	<u>\$30,531</u>	2.36%	<u>\$30,531</u>	-	<u>\$-</u>	

Note1: Leader-tech Electronic(Shenzhen) Co., Ltd. decided Leader-tech Electronic(Shenzhen) Co., Ltd. demerger at the meeting of shareholders on June 10,2022,
and split their stock to Shenzhen Xin Shanghe Electronics Ltd. on July 26,2022.

Note2:Leader-tech Electronic(Shenzhen) Co., Ltd. decided Leader-tech Electronic(Shenzhen) Co., Ltd. demerger at the meeting of shareholders on February 15,2022,
and split their stock to Shenzhen Xin Shangrong Electronics Ltd. on April 28,2022.

ASIA ELECTRONIC MATERIAL CO., LTD.

Related Party Transactions with Purchase or Sales Amount of At least NT\$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2023

Attachment 7

(In Thousands of RMB Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Sale	<u>RMB 67,513</u>	20.35%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing. Relative parties are 150 days after next monthly closing	<u>RMB 38,891</u>	16.31%	
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Purchase	<u>RMB (160,586)</u>	67.94%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing. Relative parties are 150 days after next monthly closing	<u>RMB (27,975)</u>	37.06%	
DONGTAI APLUS TECHNOLOGY CO., LTD.	KUNSHAN APLUS TEC. CORPORATION	Subsidiary	Sale	<u>RMB 33,487</u>	53.22%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing. Relative parties are 150 days after next monthly closing	<u>RMB 16,161</u>	46.82%	
KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Purchase	<u>RMB (33,487)</u>	14.18%	150 days after next monthly closing	The products are only purchased by the related party. Cannot be reasonably compared.	Non relative parties are 60~180 days after monthly closing. Relative parties are 150 days after next monthly closing	<u>RMB (16,161)</u>	21.23%	

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

ASIA ELECTRONIC MATERIAL CO., LTD.

Receivables from Related Parties of at Least NT\$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 8

(In Thousands of RMB Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
KUNSHAN APLUS TEC. CORPORATION	DONGTAI APLUS TECHNOLOGY CO., LTD.	Subsidiary	Accounts receivable RMB 41,443	0.43	RMB -		RMB 2,551	RMB -
			Other receivables RMB 35,000	-				
KUNSHAN APLUS TEC. CORPORATION	Asia Electronic Material Co., Ltd.	Subsidiary	Accounts receivable RMB 38,891	1.40	RMB -		RMB -	RMB -

Company name: Asia Electronic Material Co., Ltd.

Chairman: Lee Chien-Hui