Company Code: **8358**
Website: **http://mops.twse.com.tw**
http://www.co-tech.com

CO-TECH DEVELOPMENT CORPORATION

2023

Annual Report

Printed on February 29, 2024

I. Spokesperson and Deputy Spokesperson of Co-Tech Development Corporation

	Spokesperson	Deputy Spokesperson
Name	Lee Shih-Shen	Yeh Hsueh-Chen
Position	President	Head of Finance; Corporate Governance Officer
TEL	(02)6615-8899	(02)6615-8899
e-mail	jane@co-tech.com	jane@co-tech.com

II. Address and telephone number of the headquarter and branch

Address of headquarter: 18F., No. 392, Ruiguang Rd., Neihu Dist, Taipei City

TEL: (02)6615-8899

Address of plant: No. 56, Kegong 8th Rd., Douliu City, Yunlin County

TEL: (05)551-5480

III. Share transfer handling agency

Name:Transfer Agency Department, CTBC

Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

TEL: (02)6636-5566

Website: https://ecorp.ctbcbank.com/cts/index.jsp

IV. The certified public accountant who duly audited the annual financial report for the most recent fiscal year,

Name of CPAs: Chang Ching-Fu, Chao Yung-Hsiang

Name of accounting firm: Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City

TEL: (02)2725-9988

Website: http://www.deloitte.com.tw

V. 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.

VI. Website of the Company: http://www.co-tech.com

Table of Contents

One. Letter to Shareholders

Ladies and Gentlemen,

2023 Business Report

In 2023, we achieved a strategic position in the high-frequency and high-speed markets, and Co-Tech is continuously improving its capabilities in new product design, development, and customer portfolio optimization. Furthermore, we have maintained our profit growth trend by controlling our stability and accurately mastering delivery dates to establish a good corporate product image and reputation while at the same time continuing to refine our production processes and increasing our utilization rates.

In 2023,Co-Tech achieved an increase in profitability by adjusting and optimizing its customer and product structures and cost controls. Cumulative consolidated revenue for 2023 was NT$6,169,504 thousand. Consolidated operating gross profit margin was 14%, net profit after tax was NT$532,906 thousand, and EPS was NT$2.11.

Business Plan for 2024

As we enter the 5G applications, technologies will accompany data computing and storage requirements. The use of data has shifted from emphasizing scale to emphasizing low latency and high immediacy. With the rise of edge computing and the high cost of 5G spectrum, edge computing among telecom operators has replaced traditional network equipment and has become the entry point of the server supply chain. The growth of new cloud services will require a large amount of data processing with in related AI, 5G network applications, IOT edge computing technology upgrades, and as AR/VR, AI robots, self-driving cars, smart homes, resulting in an increase in terminal devices and emergence of new cloud services. These prospects and exponential increase in data processing will drive the growth of the demand for base station antenna design, netcom equipment, data centers and servers, which will then propel the terminal 5G, AI and other related industries. Due to the current skin effect, the transmission of high-frequency or high-speed signals will be more concentrated on the surface of the wire. The Company has developed its own advanced reversal copper foil; aside from being cost-effective, it also reduces dielectric loss to minimize signal transmission loss due to an improved performance of copper foil, which in turn is attributable to the difficulty in the design of copper bumps on copper foil and the choice of formula. This achieves high-speed results for customers, to achieve high-reliability, low-latency large-scale data transmission.

These efforts are in response to the increasing demand for 5G, AI high-frequency and high-speed business opportunities, future growth is expected and as a result of high frequency and high speed, the selection of low dielectric and low transmission loss dielectric materials is extremely demanding. With the technology owned by the Company, it has successively and continuously developed high-frequency and high-speed transmission copper foil products with low signal transmission loss, ultra-low roughness and high tear resistance. In the future, 5G, AI technology should be able to meet the demands of large-scale data transmission with high reliability and low latency, thus ensuring the stability and integrity of information, expanding the application field and occupying a place in the expansion of the copper foil industry when the future 5G business opportunities break out. In response to increasing demand for flexible boards in thin and light electronic products, we have completed development of copper foil for flexible copper clad laminates (FCCL) and the application of automotive electronic charging devices. The charging and discharging function needs to be equipped with thick copper foil that can transmit large currents and the development of thick copper foil for high-power charging and discharging has been completed.

Outlook for the Future

Looking to the future, the overall business environment is still subject to the influence of international geopolitical conflicts, high inflation pressure in various countries, and the overall economic environment is turbulent and full of uncertainties. The investment in various construction such as network, cloud, and telecom, is uninterrupted and the innovation is constantly being sought. In addition to the increasingly stringent quality requirements, the demand for faster and lower-loss high-end materials is increasing. In this era of great changes and challenges, Co-Tech’s mid-term and long-term core competitive advantage is based on our self-promise of “Optimum Application of Copper Foil Manufacturing and Service Industry”. With respect to diversified high-frequency and high-speed materials, with the required characteristics of copper foil and materials, the Company shall develop next-generation electronic products to focus on customer portfolio optimization and product portfolio differentiation. In the meantime, the Company is expanding new factory in Yunlin Technology-based Industrial Park to offer a diverse range of 5G-related products. We will focus on products featuring “differentiation,” “customization,” and “speed,” creating competitiveness for our development strategy while continuing to cultivate first-line customers and developing potential customers.

We hope that the benefits of Co-Tech’s transformation will continue to thrive, laying a solid foundation for the Company’s sustainable operations and growing into the next wave of growth momentum. Finally, the Company appreciates to the shareholders’ support over that past years. In return, the Board of Directors has resolved to distribute a cash dividend of NT$1.5 per share. Thank you to our employees for their continued input, hard work, persistence, execution, perseverance, and constant advancement! The management team is expected to uphold the spirit of innovation, forge ahead, and create better profits to return to shareholders and employees.

I wish you all good health and all the best!

Chairman: Raymond Soong

Two. Company Profile

I. Date of Establishment: May 22, 1998.

II. Company History:

May 1998	The establishment was approved as a professional electrolytic copper foil plant in the Yunlin Technology-based Industrial Park. The registered capital was NT$2 billion.
December 1999	Production Plant I was completed.
April 2000	The first and second production lines at Production Plant I commenced the mass production.
May 2000	The third production line at Production Plant I commenced mass production.
October 2000	The fourth production line at Production Plant I commenced mass production.
October 2000	The shares' public listing was approved.
March 2001	The capital increased in cash with 54 million shares, issued with the premium price of NT$30 per share.
May 2001	Obtained the certificate for ISO-9001 2000 version of quality management system.
November 2001	Obtained the certificate for ISO-14000 1996 version of environment management.
September 2002	Production Plant II was completed.
January 2003	The first and second production lines at Production Plant II commenced mass production
September 2003	The capital increased in cash with 30 million shares, issued with the face value of NT$10 per share.
December 2003	Invested in Co-Tech Copper Foil (BVI) Inc. for US$200 thousand, and through Co-Tech Copper Foil (BVI) Inc., the Company reinvested in Co-Tech Copper Foil Shanghai Trade Ltd. in China indirectly, with approval of the Investment Board.

July 2004	The recycling method of wasted copper foil (I) was awarded the patent right of the Republic of China. The valid period is from March 21, 2004 to October 7, 2021.
December 2014	The third and fourth production lines at Production Plant II commenced the mass production.
December 2014	The recycling method of wasted copper foil (I) was awarded the patent right of the People's Republic of China. The valid period is 20 years, from October 23, 2001
April 2005	The recycling method of wasted copper foil (II) was awarded the patent right of the People's Republic of China. The valid period is 20 years, from October 23, 2001.
December 2005	The capital increased in cash with 16 million shares, issued with the discounted price of NT$9 per share.
June 2006	Attended the 2006 National Sustainable Development Award, held by the National Council for Sustainable Development. The Company was rated as the Excellent Enterprise in the Sustainable Enterprise Promotion Section and received the "Enterprise Sustainable Development Award."
July 2006	The approved total registered capital was NT$3 billion, and the paid-up capital was NT$2 billion.
November 2006	Accommodated the Environmental Protection Administration's promotion of Green Consumption of Public and received the "2006 Green Procurement Excellent Enterprise and Group Award."
November 2007	Obtained the certificate for ISO-14001 2004 version of environment management.
November 2007	Approved by the Taipei Exchange to trade the shares at its emerging stock market.
October 2009	Increased the capital of Co-Tech Copper Foil (BVI) Inc for US$3,300 thousand.

March 2010	Obtained the certificate for ISO-9001 2008 version of quality management system.
April 2010	The lead anode changed to Titanium anode at the copper foil machine.
September 2010	Approved by Taipei Exchange, the Company’s shares were listed in TPEx and ending the trading at the emerging stock market.
October 2010	The capital increased in cash with 11.7 million shares, issued with the premium price of NT$21 per share.
December 2011	The arsenic-free manufacturing process was introduced for official mass production.
June 2012	Obtained the certificate for TS-16949 2009 version of automobile quality management system.
September 2012	Obtained CG-6007 general version of corporate governance system evaluation certificate.
February 2013	Obtained the certificates of OHSAS-18001 2007 version and CNS15506 2011 version of occupational safety and health management system.
August 2013	Obtained the invention patent of “The Copper Foils Coarsened and the Manufacturing Method” in Taiwan.
June 2014	Reinvested in Essen Optics Technology Inc. for NT$110,000 thousand, for 55% of the stake.
June 2014	The Company was renamed as “Co-Tech Development Corporation.”
November 2014	Obtained the certificates for IOS-50001:2011/ CNS50001 energy management system.
March 2015	Conducted the registration for capital decrease with cancellation of treasury shares. The cancelled treasury shares and the decreased capital were 1,112,000 shares and NT$11,120,000, respectively. The paid-up capital after the capital decrease was NT$2,105,880,000.
October 2016	Obtained the invention patent of “The Copper Foils for Heat-Resistant Li-ion Batteries and the Manufacturing Method” in Taiwan.

November 2016	Obtained the certificate for ISO-14001 2015 version of environment management system.
December 2016	Essen Optics Technology Inc.'s capital decreased by 50%.
February 2017	Invested in Essen Optics Technology Inc. for NT$110,000 thousand, and the stake increased to 76.4%.
May 2017	Essen Optics Technology Inc.'s capital decreased by 50%.
June 2017	Invested in Essen Optics Technology Inc. for NT$189,000 thousand, and the stake increased to 91.07%.
July 2017	Selected as the component of the "TPEx 50 Index."
September 2017	Through the Taiwan Industry Innovation Platform Program of MOEA, the contract of the "Ultra-Low Coarse Copper Foil for High-Frequency 5G Industry High-Value Material" was entered.
October 2017	Awarded for the Best Trade Contribution Award (Metal) of the Awards for Excellent Trading Business by MOEA.
October 2017	The capital increased in cash with 42 million shares, issued with the premium price of NT$47.8 per share.
November 2017	Co-Tech is included in the "MSCI Small Components."
June 2018	Obtained the invention patent of the "Electrolysis Production Equipment for Copper Foils and Its Current Adjustment Device" in Taiwan.
July 2018	Obtained the certificate for ISO9001: 2015 version of quality management system.
July 2018	Obtained the certificate for IIATF16949: 2016 version of automobile quality management system (Originally TS16949).
February 2019	Obtained the certificate for ISO-45001 2018 occupational safety and health management system (originally OHSAS-18001)
August 2019	Obtained the invention patent of the "Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate" (RTF) in Taiwan.
August 2019	Obtained the invention patent of the "Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate" (HVLP) in Taiwan.

December 2019	Essen Optics Technology Inc.’s capital increased by 99.999996%, and the stake increased to 100.00%.
December 2019	Invested in Essen Optics Technology Inc. for NT$85,000 thousand.
February 2020	The Board of Directors approved the proposal of a simple merger with Essen Optics Technology Inc.
February 2020	Obtained the invention patent of the “Electrolysis Production Equipment for Copper Foils and Its Current Adjustment Device” in China.
June 2020	Obtained the invention patent of the “Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It” in Taiwan.
February 2021	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils and Copper Foil Substrate” in Taiwan.
March 2021	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils and Application of Copper Foil Substrate” (RG312) in Taiwan.
March 2021	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (HVLP) in China.
June 2021	Obtained the invention patent of the “Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It” (RG311) in Japan.
July 2021	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (HVLP) in USA.
August 2021	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils with Island Microstructure and Application of Copper Foil Substrate” (particulate form) in Taiwan.
October 2021	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (VL411) in Taiwan.
October 2021	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (VL411) in China.
October 2021	Obtained the invention patent of the “Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It” (RTF) in USA.

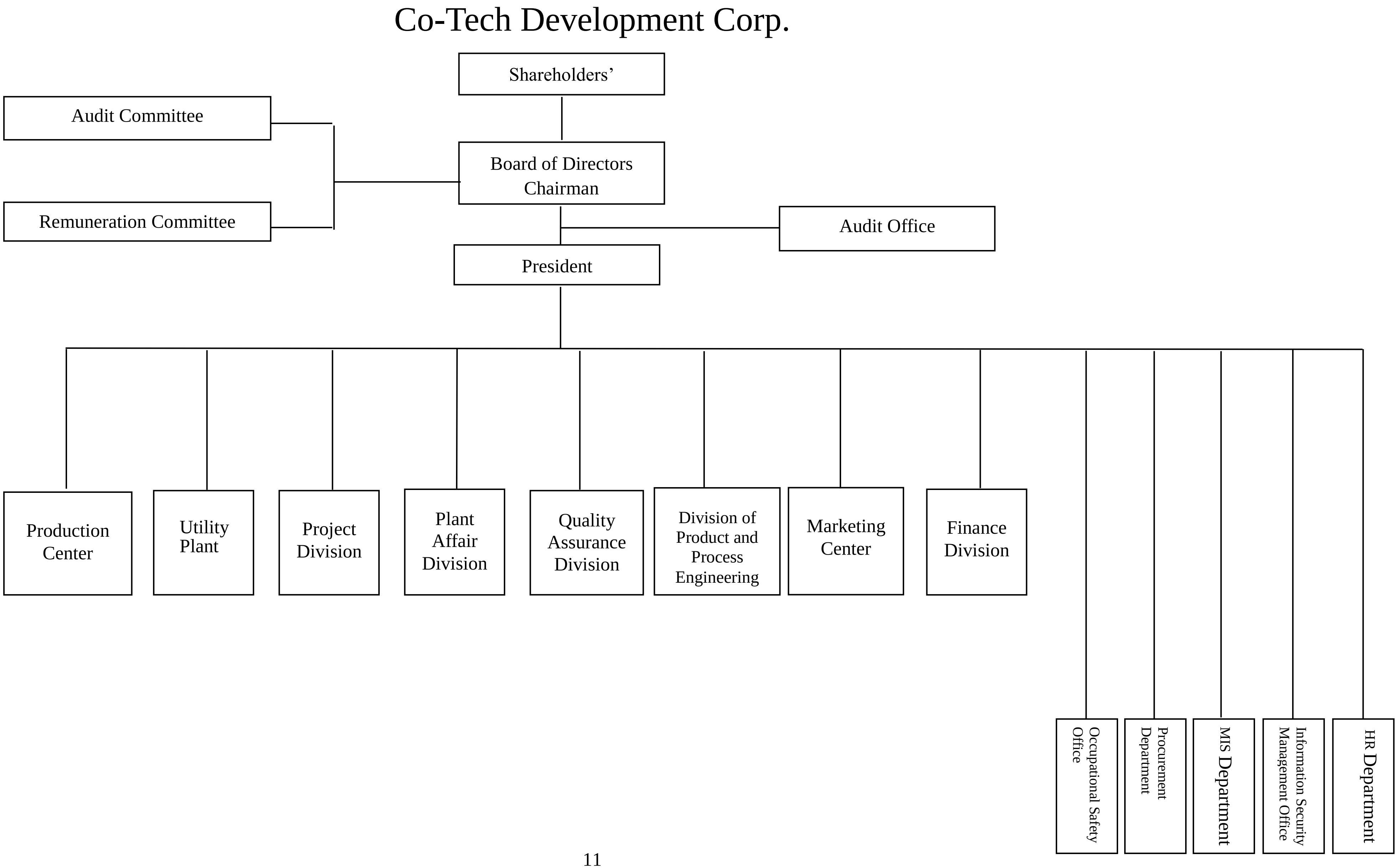
November 2021	Obtained the invention patent of the “Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It” (RTF) in China.
November 2021	Obtained the invention patent of the “Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It” (RG311) in USA.
November 2021	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils and Copper Foil Substrate” (RG311) in China.
April 2022	Obtained the invention patent of the “Micro-Coarsened Electrolyzed Copper Foils and Copper-Cladded Substrate with It” (RTF) in Japan.
April 2022	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils with Island Microstructure and Application of Copper Foil Substrate” (particulate form) in China.
April 2022	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils and Application of Copper Foil Substrate” (RG312) in USA.
August 2022	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils with Island Microstructure and Application of Copper Foil Substrate” (RG313) in China.
August 2022	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils and Application of Copper Foil Substrate” (RTF series) in Mainland China.
September 2022	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (VLP series) in Japan.
September 2022	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (RTF series) in Japan.
September 2022	Obtained the invention patent of the “Advanced RT Electrolyzed Copper Foils and Application of Copper Foil Substrate” (RTF series) in Republic of China.
December 2022	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (RG311 series) in Japan.

February 2023	Obtained a Japanese invention patent for “Advanced Reversed Electro-deposited Copper Foil and Its Copper Clad Laminate” (RG311 series - striped).
April 2023	Obtained UL2809 recycled content certification.
May 2023	Obtained U.S. invention patent for “Copper Clad Laminate and Advanced Inverted Electro-deposited Copper Foil” (RG311 series - stripe).
June 2023	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (RTF series) in Mainland China.
June 2023	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (VL411 series) in Japan.
August 2023	Obtained the invention patent of the “Micro-Coarse Electrolyzed Copper Foils and Copper Foil Substrate” (VL411-1 series) in Japan.

Three. Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Business Conducted by Each Major Segment:

Department Name	Principal Businesses
President's Office	The overall control of the Company's development and operation, the management of the Company's business plan and annual operating guidelines, the formulation of the Company's quality policy and the ultimate responsibility for product quality.
Audit Office	1. Evaluate and inspect the design and operation of the internal control system and provide suggestions for improvement. 2. Check the reliability and completeness of financial and business information. 3. Check the compliance with relevant laws and regulations. 4. Assist the Board of Directors and managerial officers to achieve operational effects and efficiency goals.
Plant Affair Division	Comprehensively manage the planning and implementation of product manufacturing, and be responsible for the planning and implementation of operations required for manufacturing, including production management, environmental protection, performance, and general affairs.
Occupational Safety Office	Responsible for supervising environmental safety management to ensure the public safety of personnel accessing the plant.
Production Center	Control the product manufacturing process, and be responsible for performing the tasks required to manufacture the products.
Utility Plant	Responsible for the operation of the company's public equipment and the maintenance and repair for abnormality of electromechanical and measurement equipment.
Project Division	Design and supervision for project and equipment improvement and overall planning for plant expansion.
Marketing Center	Establish sales plans and promote coordination between production and sales, sales execution and pre-sales and after-sales customer services.
Division of Product and Process Engineering	1. Research, design and development of copper foil products. 2. Formulate the process conditions or parameters of each process in the plant to meet the required product yield and order the production unit for implementation. 3. Trial production of new process conditions and tracking of the implementation effect of project improvement. 4. New product introduction and special demand trial production.
Finance Division	1. Financial planning, fund management and deployment. 2. Accounting processing, settlement, and taxation system establishment and implementation.
Quality Assurance Division	Trustworthiness and reliability testing and analysis of new products/trial products, technical service and customer service system, various ISO task promotion and assistance, planning and promotion of the company-wide quality assurance system, handling customer complaints, formulating various quality standards and set up control and raw material inspection operations.

Department Name	Principal Businesses
Procurement Department	The Company’s machinery, electronic equipment, raw materials, information, and recurring procurement business; engineering, and business waste outsourcing business.
MIS Department	Computer system development and maintenance, computer security control and management, data processing and operation, and computer file preparation and management.
Information Security Management Office	Planning, monitoring and implementation of information security systems.
HR Department	Comprehensively deal with matters related to human resource development and training.

II. Profiles of Directors, President, Vice Presidents, Assistant VPs, and Heads of the Branches/ Departments

(I) Information on Directors

1. Information on Directors

February 29, 2024

Position (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Election (inauguration) date	Term of office	Date of first-time elected (Note 3)	Shares held at election		Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 4)	Positions in the Company and other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remarks (Note 5)
							Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Position	Name	Relationship	
Chairman	R.O.C	Dasong Investment Co.,Ltd. Representative: Raymond Soong	Male 81~90	2022.6.21	Three years	2014.11.11	12,497,270 13,812,998	4.95% 5.47%	12,497,270 13,812,998	4.95% 5.47%	0	0.00%	0	0.00%	Educational background: Department of Electronics, National Taipei University of Technology (previously Taipei Junior College of Engineering) Industrial experience: Chief Engineer, Taiwan Branch, Texas Instrument Chairman/Founder, LITE-ON Technology; Chairman, LITE-ON Group Chairman and Founder, LITE-ON Taiwan Foundation Member, Board of Councilors, Engineering College, USC Honors: ITRI Laureate First honorary Ph.D in Management, National Taipei University of Technology Honorary Ph.D in Management, National Chiao-Tung University	Note 6	Director	Soong Ming-Feng	Father and son	None
Director	R.O.C	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Hsiu-Mei	Female 61~70	2022.6.21	Three years	2001.6.8 2022.2.1 (Former Director, Lin Ming-Hsiang passed away on January 8, 2022. Re-appointment was made on February 1, 2022)	7,812,375 0	3.09% 0.00%	7,812,375 0	3.09% 0.00%	0	0.00%	0	0.00%	Educational background: M.A. in Accounting, Long Island University, New York, USA Industrial experience: Director, Hua Eng Wire & Cable Co.,Ltd. Director,FIRST COPPER TECHNOLOGY CO.,LTD	Note 7	None	None	None	None
Director	R.O.C	Chan Chi-Che	Male 41~50	2022.6.21	Three years	2016.6.7	3,696,000	1.46%	3,696,000	1.46%	0	0.00%	0	0.00%	Educational background: Master in Finance, University of San Francisco Industrial experience: Director, Miramar Linkou Development Co., Ltd. Representative of Supervisor of Kwong Lung Enterprise Co., Ltd.	Note 8	None	None	None	None

Position (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Election (inauguration) date	Term of office	Date of first-time elected (Note 3)	Shares held at election		Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 4)	Positions in the Company and other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remarks (Note 5)
							Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Position	Name	Relationship	
Director	R.O.C	Tsai Hsung-Hsiung	Male 81~90	2022.6.21	Three years	2016.6.7	619,749	0.25%	619,749	0.25%	0	0.00%	0	0.00%	Educational background: Ph.D in Urban Planning, School of Architecture and Planning, Princeton University Master in Urban Planning, Massachusetts Institute of Technology Bachelor, Department of Law, National Taiwan University Industrial experience: CEO/Vice Chairman, National Policy Foundation Chairman, Council for Economic Planning and Development, Executive Yuan Minister, Environmental Protection Administration Independent Director, Taiwan On-Bright Electronics Corp.	Independent director: Kwong Lung Enterprise Co.,Ltd.	None	None	None	None
Director	R.O.C	Yu Ming-Chang	Male 71~80	2022.6.21	Three years	2008.4.25	580,000	0.23%	580,000	0.23%	1,000	0.00%	0	0.00%	Educational background: Department of Electronics, National Taipei Junior College of Engineering Industrial experience: Director and President, Mao-Chia Co., Ltd. Chairman, ThinFlex Corporation Independent Director, Lumax International Corporation	Ade Corporation Chairman and President	None	None	None	None
Director and President	R.O.C	Lee Shih-Shen	Male 61~70	2022.6.21	Three years	2016.6.7	1,330,824	0.53%	1,350,824	0.53%	0	0.00%	0	0.00%	Educational background: Department of Business Administration, National Cheng Chi University Industrial experience: Shanghai Li-Yao Energy Technology Ltd. President Network Power Business, Delta Greentech (China) Co., Ltd President Vice President Networking Access Business Unit LITE-ON Technology Vice President, Sales and Marketing Delta Networks, Inc. (Delta Electronics Inc.)	Co-Tech Development Corp. Chairman and President,	None	None	None	None

Position (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Election (inauguration) date	Term of office	Date of first-time elected (Note 3)	Shares held at election		Shares held currently		Current shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 4)	Positions in the Company and other companies	Other officers, directors or supervisors with spouses, or relatives within the second degree of kinship			Remarks (Note 5)
							Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Position	Name	Relationship	
Director	R.O.C	Soong Ming-Feng	Male 51~60	2022.6.21	Three years	2019.6.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: EMBA, International Business Administration, National Taiwan University/ Fudan University (Incomplete) Department of Electrical Engineering, University of Southern California Industrial experience: Chairman and Special Assistant to Vice Chairman, LITE-ON Technology CEO, Smart Application Solutions, LITE-ON Technology President, LITE-ON Technology (Shanghai) Operational Headquarter CEO, New Mechanical Core Capability Business Group, LITE-ON Technology CEO, Mechanical Core Capability Business Group, LITE-ON Technology President, Network Communication Business, LITE-ON Technology President, Zhong-Bao Transportation Limited Honors: The Third Wednesday Club-Young Entrepreneur Group YPO WPO – Sea Dragon Chapter	Note 9	Chairman	Ray mond Soong	Father and son	None
Independent director	R.O.C	Sun Chin-Su	Male 71~80	2022.6.21	Three years	2010.5.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: Department of Accounting, National Cheng Kung University Industrial experience: Chairman, Kaohsiung CPA Association Supervisor, Taiwan Provincial CPA Association Supervisor, National Federation of CPA Associations of the R.O.C. Director and Remuneration Committee member of LITE-ON Semiconductor Corporation	None	None	None	None	None
Independent director	R.O.C	George Chen	Male 61~70	2022.6.21	Three years	2016.6.7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: M.B.A., Graduate Institute of International Business, National Taiwan University Industrial experience: Director, Prodisc Technology INC. Director, SINONAR CORP. Director, TUL Corporation Director, SOLOMON TECHNOLOGY CORPORATION	Note 10	None	None	None	None
Independent director	R.O.C	Hsieh Fa-Jung	Male 71~80	2022.6.21	Three years	2016.6.7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Educational background: Department of Business Administration, Soo Chow University Industrial experience: Chief, Stock Affair Division, LITE-ON Technology	None	None	None	None	None

Note 1: In case of institutional shareholders, the name and representative of an institutional shareholder shall be listed respectively (the representative of an institutional shareholder shall indicate the name of institutional shareholder), and fill in Table 1 below.

Note 2: Please provide the chronological age by indicating the applicable age bracket, e.g. 41 to 50 years old or 51 to 60 years old.

Note 3: Fill in when he/she first takes the office of the director or supervisor; if a break takes place, please explain.

Note 4: Experiences related to the position he/she currently serves, if in the aforesaid time, he/she was employed in the certifying accounting firm or its affiliates, the position and duties shall be indicated.

Note 5: Where the chairperson of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. adding seats of independent directors, and the majority of directors do not concurrently serve as employees or managerial officers):

Note 6: Positions concurrently served by the Chairman, Raymond Soong:
Director: LITE-ON Technology

Note 7: Concurrent positions held by Director, Liu Hsiu-Mei:
Director of China Ecotek Corporation, Wafer Works Corporation and Bionime Corporation.
Supervisor of Hua Ho Engineering Co., Ltd.
Vice President, Hua Eng Wire & Cable Co., Ltd.

Note 8: Positions concurrently served by Director, Chan, Chi-Che:
Chairman: Huang Lux Investment Co. , Ltd., Huang Lux Insurance Brokers Co., Ltd., Aberdeen Real Estate Brokerage Co., Ltd., StarLink International Corporation
Director of Paradise Birds Gourmet Corporation.

Note 9: Positions concurrently served by Director, Soong Ming-Feng:
Chairperson of the Board and Chief of Corporate Sustainability Development Unit, LITE-ON Technology Corporation
Director of Lite-On Singapore Pte. Ltd., Ltd., Lite-On China Holding Co. Ltd., Lite-On International Holding Co., Ltd., Lite-On Electronics Co., Ltd. (HK)
Representative of Supervisor of Silitech Technology Corporation.

Note 10: Positions concurrently served by Director George Chen:
Chairman: Probright Technology Inc.
Independent Director of Albatron Technology Co. Ltd., Meiloon Industrial Co.,Ltd. and Pacific Construction Co., Ltd.
Director: KING ULTRASONIC CO., LTD.
Supervisor: Mustek Systems Inc.; Solomon Goldentek Display Corp.
Executive Director of the Association for No Crime of the Republic of China.

Table 1: Major Shareholders of Institutional Shareholders

February 29, 2024

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd. (32.96%), Hua-Hung Investment Co. (7.39%%), Wang-Yang, Bi-Er (5.24%), Wang Feng-Shu (2.55%), Wang, Wen-Ling (2.20%), Wang Hung-Ren (2.12%), Wang Hung-Ming (1.46%), Chen, Kun-Jung (0.80%),. (0.62%), Citi custody JP Morgan Securities Co., Ltd. special account(1.17%), Citi custody UBS European SE investment account (0.78%)
Dasong Investment Co.,Ltd.	Soong Ming-Feng: 43.66%; Kwong Hing Investment Co., Ltd.: 56.34%

Note 1: In case the director or supervisor is a representative of institutional shareholder, such institutional shareholder's name shall be indicated.

Note 2: Fill in the major shareholders of that institutional shareholder (Top ten shareholder) and their shareholding percentage. If the major shareholders are still institutional shareholders, the following table shall be filled in.

Note 3: If the institutional shareholder is not a company, the aforesaid name and shareholding of the shareholder to be disclosed, are the name of sponsors (please refer to announcement on the Judicial Yuan website for more information) and their sponsorship or donation percentage. For sponsors who have passed away, please indicate "Deceased".

Table 2: If the Major Shareholders are Institutional Shareholder, Their Major Shareholders

February 29, 2024

Name of institutional (Note 1)	Major shareholders of institutional shareholders (Note 2)
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd.(39.44%); Wang Yang Bi-Er (10.49%); Wang, Wen-Ling (1.82%); Wang, Feng-Chuan (0.67%); Fu Dichen(1.31%), International Ship Recycling Enterprise (Co., Ltd.) (0.50%); Wang, Feng-Shu (0.43%); Wang Hung-Ming (0.41%); Citi custody JP Morgan Securities Co., Ltd. special account(0.48%), Citi custody UBS European SE investment account (0.36%)
Hua-Hung Investment Co.	Gong-Sheng Industrial (Hong Kong) Co., Ltd.,(79.79%); Wang, Wen-Ling (3.19%); Wang, Feng-Chuan (3.19%); Wang, Feng-Shu (3.19%); Wang Hung-Ren (3.19%); Wang Hung-Ming (2.87%); Wang, Yu-Ting (2.13%); Wang, Yu-Fa (1.07%); Wang, Feng-Chin (0.85%); Wang-Yang, Bi-Er (1.60%)
Kwong Hing Investment Co., Ltd	Raymond Soong:1%, Soong Ming-Feng: 99%

Note 1: In case the major holders are institutional shareholders as indicated in Table 1, such institutional shareholder's names shall be indicated.

Note 2: Fill in the major shareholders of that institutional (Top ten shareholders) and shareholding percentage.

Note 3: If the institutional shareholder is not a company, the aforesaid name and shareholding of the shareholder to be disclosed, are the name of sponsors (please refer to announcement on the Judicial Yuan website for more information) and their sponsorship or donation percentage. For sponsors who have passed away, please indicate "Deceased".

2. Disclosure of the Information on the Professional Qualifications of Directors, and Independence of Independent Directors:

February 29, 2024

Condition / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of public companies where the person holds the title as an independent director
Dasong Investment Co.,Ltd. Institutional representative: Raymond Soong	The Director possesses more than five years of experience in practice, strategic management, leadership, marketing and industrial technology capabilities that the Company requires, and is able to undertake communication and interaction with other Board members in terms of business management strategies, offering opinion in this regard. The Director has not been a person of any conditions defined in the Company Act, Article 30.	(1) Not an independent director (2) Not under any circumstances as stipulated in Article 30 of the Company Act.	None
Hua Eng Wire & Cable Co., Ltd. Institutional representative: Liu Hsiu-Mei	The Director possesses more than five years of financial and accounting experience that the Company requires, as well as corporate governance and risk analysis capabilities, and perspective in technological application. The Director is able to undertake communication and interaction with other Board members in terms of business management strategies, offering opinion in this regard. The Director has not been a person of any conditions defined in the Company Act, Article 30.		None
Director Chan Chi-Che	The Director possesses more than five years of experience in practice that the Company requires, and is able to offer prompt opinion and policy suggestions to the Board in terms of corporate governance and business management, and require the management team to formulate and execute business strategies. The Director has not been a person of any conditions defined in the Company Act, Article 30.		None
Director Yu Ming-Chang	The Director possesses more than five years of experience in marketing and sales, and industry that the Company requires, and is able to offer prompt opinion and policy suggestions to the Board in terms of corporate governance and business management, and require the management team to formulate and execute business strategies. The Director has not been a person of any conditions defined in the Company Act, Article 30.		None
Director Tsai Hsung-Hsiung	The Director possesses more than five years of experience in finance, technological industry management and corporate governance that the Company requires, and is able to offer prompt opinion and policy suggestions to the Board in terms of corporate governance and business management, and require the management team to formulate and execute business strategies. The Director has not been a person of any conditions defined in the Company Act, Article 30.		None
Director Soong Ming-Feng	The Director possesses more than five years of experience in marketing and sales, and industry that the Company requires, and is able to offer prompt opinion and policy suggestions to the Board in terms of corporate governance and business management, and require the management team to formulate and execute business strategies. The Director has not been a person of any conditions defined in the Company Act, Article 30.		None
Director Lee Shih-Shen	The Director holds concurrent position as the President of the Company for more than five years of experience with marketing and sales, and industrial technology capabilities that the Company requires. The Director is able to offer prompt policy suggestions to the Board in terms of corporate governance and business management. The Director has not been a person of any conditions defined in the Company Act, Article 30.		None

<table>
<tr><th>Condition
Name</th><th>Professional qualifications and experience (Note 1)</th><th>Independence status (Note 2)</th><th>Number of public companies where the person holds the title as an independent director</th></tr>
<tr><td>Independent director
Sun Chin-Su</td><td>The Independent Director has more than five years of experience as a certified public accountant and possesses analytical and management capabilities in corporate governance, financial, accounting and commerce, which is able to enhance the corporate governance quality of the Board and the supervisory function of the Audit Committee.</td><td rowspan="3">(1) The Director is not an employee of the Company or any of its affiliates.
(2) The Director is not a director or supervisor of any of the Company's affiliates.
(3) Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child or in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
(5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act.
(6) The Director is not a director, supervisor or employee of any other company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party.
(7) The Director does not assume concurrent position(s) as Chairperson, president or equivalent role, and is not a director, supervisor, or employee of another company or institution owned by The Director's spouse.
(8) The Independent Director is not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company.
(9) The Independent Director is not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT$500 thousand in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies.
(10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.
(11) Not under any circumstances as stipulated in Article 30 of the Company Act.</td><td>None</td></tr>
<tr><td>Independent director
George Chen</td><td>The Independent Director possesses more than five years of experience in finance, technological industry management and corporate governance that the Company requires, and is able to offer opinion on industry analysis integration, risk management, legal strategy/compliance and management decision making in terms of business management so as to enhance the corporate governance quality of the Board and the supervisory function of Audit Committee.</td><td>2</td></tr>
<tr><td>Independent director
Hsieh Fa-Jung</td><td>The Independent Director possesses more than five years of experience in practice that the Company requires, and is able to offer prompt opinion and policy suggestions, as well as management decision making, to the Board in terms of corporate governance and business management so as to enhance the corporate governance quality of the Board and the supervisory function of Audit Committee.</td><td>None</td></tr>
</table>

Note 1: Professional qualifications and experience: The professional qualifications and experience of each Director and Supervisor shall be described. When the person is a member of the Audit Committee and have accounting or financial expertise, such accounting or financial background and related work experience shall be specified. Also, whether any of the circumstances under Article 30 of the Company Act applies to the person shall be specified as well.

Note 2: The status of independence of each Independent Director shall be specified, including but not limited to whether the person or the person's spouse or relative within the second degree of kinship is a Director, Supervisor or employee of the Company or its affiliates; the number of company shares held by the person and the person's spouse and relatives within the second degree of kinship (or held by nominee shareholders) and the percentage thereof; whether the person is a Director, Supervisor or employee of any of the Company's affiliates (in reference to Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of fees in the last two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services.

Note 3: For the disclosure method, please refer to the Corporate Governance Center section of the Taipei Exchange website for sample template of best practice.

3. Diversity And Independence of the Board of Directors

(1) Policy on Diversity of Board Members:

A. In accordance with the [Corporate Governance Best Practice Principles] established by the Company to strengthen the functions of the Board of Directors, the composition of the Board of Directors shall take into account diversity and formulate appropriate diversity policies with respect to its own operations, business model and development needs, which include but are not limited to the following two major criteria:

a. Basic conditions and values: gender, age, nationality and culture, etc.

b. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

B. Board members should generally possess the knowledge, skills and qualities necessary to perform their duties. To achieve the desired objectives of corporate governance, the Board as a whole should have the following competencies.

a. The ability to make judgments about operations.

b. Accounting and financial analysis ability.

c. Business management ability.

d. Crisis management ability.

e. Knowledge of the industry.

f. An international market perspective.

g. Leadership ability.

h. Decision-making ability.

(2) Specific Management Objectives from Diversity of Board Members:

The Board of Directors of the Company shall direct the Company’s strategies, supervise the management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company’s corporate governance system shall ensure that the Board of Directors can fully exercise its authority in accordance with the law, the provisions of the Company’s Articles of Incorporation, or the resolutions of shareholders’ meetings. Specific management objectives are as follows.

A. The Board of Directors of the Company shall place emphasis on gender equality and shall include at least one female director.

B. The Board of Directors of the Company shall place emphasis on operational judgment, management and crisis management capabilities, and at least two-thirds of the members of the Board of Directors shall have the ability to perform relevant core undertakings.

C. The number of Board members who are employees of the Company, its parent, child or sister company shall be less than (inclusive) one third of Board seats for the purpose of supervision.

(3) Achievement of diversity of Board members:

The Company’s Board members are equipped with the knowledge, skills, and education necessary for the execution of business, as well as decision-making and management capabilities. The Company shall also continue to arrange diversified education programs for its Board members to enhance the quality of their decision-making and supervisory responsibilities, thereby strengthening the functions of the Board of Directors.

There are 10 board members in the 9th term, including 3 independent directors to ensure the independence of the board. One Board member is a concurrent employee of the Company, making up 10% of the Board. There is one female director, achieving the objectives of gender equality.

The members of the Board of Directors are highly qualified in business management, each with relevant professional backgrounds and possessing the necessary professional knowledge, skills and qualities to carry out their duties. At least one third of the members in each of the 8 core capabilities have relevant business execution capabilities, and over 80% of the members possess core competencies in each of the 3 core areas, including operational judgment, management and crisis management.

The practice of the member diversity in the Board of Directors:

Names of Directors	Nationality	Gender	Whether or not he/she is also an employee of the Company	Age of Director			Years of service as an independent director			Core Capabilities							
				Under 60 years old	60 years old to 70 years old	70 years old and above	Less than 3 years	3 years to 9 years	More than 9 years	Operational judgment capability	Accounting and financial analysis ability	Business management capability	Crisis management capability	Industry Knowledge Capability	International Market Capability	Leadership ability	Decision-making ability
Raymond Soong	R.O.C	Male				√				√		√	√	√	√	√	√
Liu Hsiu-Mei	R.O.C	Female			√					√	√	√	√	√	√	√	√
Chan Chi-Che	R.O.C	Male		√						√		√	√	√	√	√	√
Tsai Hsung Hsiung	R.O.C	Male				√				√		√	√	√	√	√	√
Yu Ming Chang	R.O.C	Male				√				√		√	√	√	√	√	√
Lee Shih Shen	R.O.C	Male	√		√					√		√	√	√	√	√	√
Soong Ming Feng	R.O.C	Male		√						√		√	√	√	√	√	√
Sun Chin-Su	R.O.C	Male				√			√	√	√	√	√	√	√	√	√
George Chen	R.O.C	Male			√			√		√		√	√	√	√	√	√
Hsieh Fa-Jung	R.O.C	Male				√		√		√		√	√	√	√	√	√

(4) Independence of the Board of Directors:

The current Board of Directors consists of 10 members, including 3 independent directors, 1 female director, and 1 employee director, accounting for 30%, 10%, and 10% of all directors, respectively, with more than one-third serving as independent directors. The independent directors are in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and neither the directors nor the independent directors are subject to the provisions of Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. The Board of Directors of the Company are deemed to be independent (please refer to pages 14-15 of this annual report - Disclosure of Professional Qualifications of Directors and Independence of Independent Directors), and each of the Directors possess academic qualifications, gender and work experience (please refer to pages 9-12 of this annual report - Information on Directors).

(II) Profiles of the President, Vice Presidents, Assistant Vps, and Heads of the Branches/ Departments

February 29, 2024

Position (Note 1)	Nationality	Name	Gender Age	Date elected	Shareholding		Shares held by spouse and children of minor age		Total shareholding assuming the name of others		Major industrial (educational) experience (Note 2)	Position(s) held concurrently in any other companies	Managerial officers are a spouse or within second-degree relative of kinship to each other			Remarks (Note 3)
					Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings			Job Title	Name	Relationship	
President	R.O.C	Lee Shih-Shen	Male 61~70	2014.7.1	1,350,824	0.53%	0	0.00%	0	0.00%	Department of Business Administration, National Cheng Chi University President, Shanghai Li-Yao Energy Technology Ltd. President, Network Power Business, Delta Greentech (China) Co., Ltd Vice President, Networking Access Business Unit, LITE-ON Technology Vice President, Sales and Marketing, Delta Networks, Inc. (Delta Electronics Inc.)	Co-Tech Development Corp. Director and concurrently President	None	None	None	None
Vice President of Marketing Center	R.O.C	Chun-Han Chuang	Male 31~40	2024.02.23	0	0.00%	0	0.00%	0	0.00%	Master's Degree, Institute of Communication Engineering, National Taiwan University Senior Manager, Quanta Computer Senior Manager, Micron Technology	None	None	None	None	None
Marketing Division Director	R.O.C	Yang, Cheng-Ping	Male 51~60	2017.12.4	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University R&D Manager, Xu li Corporation	None	None	None	None	None
Project Division Chief	R.O.C	Lai Hsin-Chung	Male 51~60	2016.6.1	0	0.00%	0	0.00%	0	0.00%	Department of Power Mechanical Engineering, National Tsing Hua University	None	None	None	None	None
Division of Product and Process Engineering Chief	R.O.C	Hsu Hong-Wei	Male 31~40	2022.1.06	13,000	0.00%	0	0.00%	0	0.00%	Master of Chemical and Materials Engineering, National Yunlin University of Science and Technology Senior Manager of Co-Tech Development Corp.	None	None	None	None	None
President Special Assistant	R.O.C	Ting, Tai-Chuan	Male 51~60	2016.6.1	50,000	0.02%	16,233	0.01%	0	0.00%	Department of Electronics, Chien Hsin University of Science and Technology Director, Shanghai Li-Yao Energy Technology Ltd. Senior Operation Manager, LITE-ON Belrose Manager, Electronic Substrate and Sales, Tong Hsing Electronic Industries, Ltd.	None	None	None	None	None
Public Plant Plant Chief	R.O.C	Lu An-Chuan	Male 51~60	2017.12.15	0	0.00%	4,000	0.00%	0	0.00%	Institute of Business Administration, National Chiayi University	None	None	None	None	None
Head of Accounting	R.O.C	Kao Hung-Yu	Female 51~60	2021.5.6	0	0.00%	0	0.00%	0	0.00%	Master of Accountancy, National Yunlin University of Science and Technology Senior Manager of Co-Tech Development Corp.	None	None	None	None	None
Head of Finance; Corporate Governance Officer	R.O.C	Yeh Hsueh-Chen	Female 51~60	2021.7.20	2,409	0.00%	0	0.00%	0	0.00%	Master of Business Administration, National Taiwan Ocean University Manager of Co-Tech Development Corp.	None	None	None	None	None
Audit Supervisor	R.O.C	Tsai Ren-Hua	Female 41~50	2014.12.29	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Business Administration, National Chung Cheng University Leader of the Auditing Department, Crowe LLP	None	None	None	None	None

Note 1: The information shall include the president, vice presidents, assistant VPs, and heads of the branches/departments, and those who hold the positions equivalents to president, vice presidents, assistant VPs, shall be disclosed regardless of the titles.
Note 2: Experiences related to the position he/she currently serves, if in the aforesaid time, he/she was employed in the certifying accounting firm or its affiliates, the position and duties shall be indicated.
Note 3: Where the president or person of an equivalent post (the highest level manager) of a company and the chairperson of the board of directors are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. adding seats of independent directors, and the majority of directors do not concurrently serve as employees or managerial officers):

(III) Remuneration to Directors (Independent Directors Included), Supervisors, President and Vice Presidents in Recent Year

1. Remuneration of Non-Independent and Independent Directors (Names Thereof to Be Disclosed By Space)

Unit: NT$ thousand Date: December 31, 2023

<table>
<tr><th rowspan="4">Position</th><th rowspan="4">Name</th><th colspan="8">Director's remuneration</th><th colspan="2" rowspan="2">The sum of A, B, C and D in proportion to the net profit after tax (Note 10)</th><th colspan="8">Remuneration in the capacity as employees</th><th colspan="2" rowspan="2">The sum of A, B, C, D, E, F and G to net profit after tax (Note 10)</th><th rowspan="4">Remuneration from the investees other than subsidiaries or parent company (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Remuneration of directors (C) (Note 3)</th><th colspan="2">Professional service fees (D) (Note 4)</th><th colspan="2">Salary, bonus and special allowance, etc. (E) (Note 5)</th><th colspan="2">Severance pay and pension (F)</th><th colspan="4">Employee remuneration (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 7)</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statement (Note 7)</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statement (Note 7)</th></tr>
<tr><th>Cash amount</th><th>Share amount</th><th>Cash amount</th><th>Share amount</th></tr>
<tr><td>Chairman</td><td>Dasong Investment Co.,Ltd.: Raymond Soong</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">6,832</td><td rowspan="10">6,832</td><td rowspan="10">940</td><td rowspan="10">940</td><td rowspan="10">Total: 7,772

As a percentage of net profit after tax: 1.46%</td><td rowspan="10">Total: 7,772

As a percentage of net profit after tax: 1.46%</td><td rowspan="10">11,821</td><td rowspan="10">11,821</td><td rowspan="10">576</td><td rowspan="10">576</td><td rowspan="10">2,683</td><td rowspan="10">0</td><td rowspan="10">2,683</td><td rowspan="10">0</td><td rowspan="10">Total: 22,852

As a percentage of net profit after tax: 4.29%</td><td rowspan="10">Total: 22,852

As a percentage of net profit after tax: 4.29%</td><td rowspan="10">None</td></tr>
<tr><td>Director</td><td>Chan Chi-Che</td></tr>
<tr><td>Director</td><td>Hua Eng Wire & Cable Co.,Ltd.: Liu Hsiu-Mei</td></tr>
<tr><td>Director</td><td>Soong Ming-Feng</td></tr>
<tr><td>Director</td><td>Yu, Ming-Chang</td></tr>
<tr><td>Director</td><td>Lee Shih-Shen</td></tr>
<tr><td>Director</td><td>Tsai Hsung-Hsiung</td></tr>
<tr><td>Independent Director</td><td>Sun Chin-Su</td></tr>
<tr><td>Independent Director</td><td>George Chen</td></tr>
<tr><td>Independent Director</td><td>Hsieh Fa-Jung</td></tr>
</table>

1. Please specify the policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them:
   (1) Pursuant to the Company's Articles of Incorporation, the remuneration of the Chairman and Directors (including independent and non-independent Directors) of the Company shall be authorized to be determined by the Board of Directors' meeting based on their participation in the Company's operations and the value of their contributions, as well as the domestic and international industry standards.
   (2) The Company's Articles of Incorporation also specify that no more than 3% of the annual profit shall be used as directors' remuneration.
   (3) The principles for the payment of directors' remuneration are as follows:
      a. Since all independent directors serve as members of the Audit Committee and the Remuneration Committee, they are required to participate in the discussions and resolutions of the relevant committee meetings in accordance with the charter of each committee; therefore, their remunerations are higher than that of general directors.
      b. Serving as the chairman and the chairman of various functional committees requires more time, so his remuneration is higher than that of independent directors.
2. In addition to the disclosures in the previous table, please specify the remuneration paid to the directors who provided services (e.g. acting as non-employee advisor for the parent company/any company stated in the financial statements/any invested company) in the recent year: None.

Remuneration Scale Table

<table>
<tr><td rowspan="3">Remuneration Scale Paid to Each Director</td><td colspan="4">Names of Directors</td></tr>
<tr><td colspan="2">Sum of first four items (A+B+C+D)</td><td colspan="2">Sum of first seven items (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company (Note 8)</td><td>All companies in the financial statements (Note 9) H</td><td>The Company (Note 8)</td><td>All companies in the financial statements (Note 9) I</td></tr>
<tr><td>Below NT$1,000,000</td><td>Chan Chi-Che; Liu Hsiu-Mei; Soong Ming-Feng; Yu Ming-Chang; Li Si-Hsien; Tsai, Hsung-Hsiung; Hsieh, Fa-Jung; Sun Chin-Su; George Chen</td><td>Chan Chi-Che; Liu Hsiu-Mei; Soong Ming-Feng; Yu, Ming-Chang; Li Si-Hsien; Tsai, Hsung-Hsiung; Hsieh, Fa-Jung; Sun Chin-Su; George Chen</td><td>Chan Chi-Che; Liu Hsiu-Mei; Soong Ming-Feng; Yu Ming-Chang; Tsai, Hsung-Hsiung; Hsieh, Fa-Jung; Sun Chin-Su; George Chen</td><td>Chan Chi-Che; Liu Hsiu-Mei; Soong Ming-Feng; Yu Ming-Chang; Tsai, Hsung-Hsiung; Hsieh, Fa-Jung; Sun Chin-Su; George Chen</td></tr>
<tr><td>NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)</td><td>Raymond Soong</td><td>Raymond Soong</td><td>Raymond Soong</td><td>Raymond Soong</td></tr>
<tr><td>NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)</td><td></td><td></td><td>Lee Shih-Shen</td><td>Lee Shih-Shen</td></tr>
<tr><td>NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Above NT$100,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>10 persons</td><td>10 persons</td><td>10 persons</td><td>10 persons</td></tr>
</table>

Note 1: The names of directors should be listed separately (institutional shareholders should list their names and representatives separately), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in an aggregation manner. Directors who concurrently serve as president or vice president should fill in this table and the table below "Remuneration of president and vice presidents (individual disclosure of names)."

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, position bonus, severance payment, various bonuses, incentives, etc.).

Note 3: This is the amount of directors' remuneration approved by the board of directors in the most recent year.

Note 4: Refers to the director's relevant business execution expenses in the most recent year (including transportation subsidies, special expenditures, various allowances, and in-kind benefits such as dormitories and company cars). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please indicate the relevant compensation paid by the Company to the driver, but it will not be included in the remuneration.

Note 5: Refers to the compensations received by directors concurrently serving as employees (including the president, vice president, other managerial officers and employees) in the most recent year, including salary, position allowance, severance pay, various bonuses, incentives, special expenditures, various allowances, and in-kind benefits such as dormitories, and company car. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please indicate the relevant compensation paid by the Company to the driver, but it will not be included in the remuneration. Also, the salary expenses recognized based on IFRS 2 "Share-based payment," including the acquisition of employee share subscription warrants and new restricted employee shares, or subscription for a capital increase in cash, shall be counted into the remunerations. (The cost of car renting in 2023 was NT$753 thousand).

Note 6: Refers to directors who have received employee remuneration (including stocks and cash) for concurrently serving as employees (including the president, vice president, other managerial officers and employees) in the most recent year, and the amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the distribution amount last year. The attached table "Name of the managerial officers to whom the employee remuneration distributed and distribution status" should be filled in.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated statement should be disclosed.

Note 8: The total remuneration paid to each director by the Company; their names are disclosed in the scale table they belong to.

Note 9: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated statements should be disclosed, and their names should be disclosed in the scale table they belong to.

Note 10: Net profit after tax refers to the net profit after tax of the parent company-only or individual financial report in the most recent year.

Note 11: a. This column shall specify the remunerations from the investees other than subsidiaries or parent company received by directors (please indicate "none" if no such thing)

b. If any director receives relevant remuneration from the investees other than subsidiaries or parent company, the remunerations from the investees other than subsidiaries or parent company received by directors shall be included in Column I of the Remuneration Scale Table, and change the name of the column as the "Parent Company and all Investees."

c. Remuneration refers to the remunerations, compensations (including compensations of employees, directors and supervisors) and business execution expenses received by the Company's directors for serving as directors, supervisors or managerial officers of non-subsidiary investment enterprises or the parent company.

*The content of the remuneration disclosed in this table is different from the income concept of the Income Tax Act, so the purpose of this table is for information disclosure only and not for taxation.

2. Supervisor's Remuneration (Disclosure By Individual Name and Remuneration): Not applicable.

Note 1: The company replaced the supervisor with the Audit Committee on June 7, 2016.

3. Remuneration for President and Vice Presidents (Disclosure by Individual Name)

Unit: NT$ thousand Date: December 31, 2023

Position	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonus and Special Expense (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D in proportion to the net profit after tax (%) (Note 8)		Remuneration from the investees other than subsidiaries or parent company (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	Share amount	Cash amount	Share amount			
President	Lee Shih-Shen	3,004	3,004	576	576	8,818	8,818	2,683	0	2,683	0	Total: 15,081 As a percentage of net profit after tax: 2.83%	Total: 15,081 As a percentage of net profit after tax: 2.83%	None

*Regardless of job title, all positions equivalent to the president or vice president (for example: president, chief executive officer, director... etc.) should be disclosed.

Note 1: The names of the president and vice presidents should be listed separately, and the payment amounts should be disclosed in an aggregated manner. If a director serves concurrently as the president or vice president, this table and the previous table "Remuneration of directors (including independent directors)" shall be filled in.

Note 2: It is to fill in the salaries of the president and vice presidents in the most recent year, position allowance, and severance pay.

Note 3: It is to fill in the amount of various bonuses, incentives, transportation subsidies, special expenditures, various allowances, and in-kind benefits such as dormitories, and company car, and other compensations. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please indicate the relevant compensation paid by the Company to the driver, but it will not be included in the remuneration. Also, the salary expenses recognized based on IFRS 2 "Share-based payment," including the acquisition of employee share subscription warrants and new restricted employee shares, or subscription for a capital increase in cash, shall be counted into the remunerations. (The cost of car renting in 2023 was NT$753 thousand.)

Note 4: Fill in the amount of employee remuneration (including shares and cash) approved by the board of directors to distribute to the president and vice presidents in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the distribution amount last year. The attached table "Name of the managerial officers to whom the employee remuneration distributed and distribution status" should be filled in.

Note 5: The total amount of remunerations paid to the president and vice presidents of the Company by all companies (including the Company) in the consolidated statements should be disclosed.

Note 6: The total remuneration paid to each president and vice president by the Company; their names are disclosed in the scale table they belong to.

Note 7: The total amount of remuneration paid to the president and vice president of the Company by all companies (including the Company) in the consolidated statements should be disclosed, and their names should be disclosed in the scale table they belong to.

Note 8: Net profit after tax refers to the net profit after tax of the parent company-only or individual financial report in the most recent year.

Note 9: a. This column shall specify the remunerations from the investees other than subsidiaries or parent company received by the president and vice presidents (please indicate "none" if no such thing)

b. If president and vice presidents receive relevant remuneration from the investees other than subsidiaries or parent company, the remunerations from the investees other than subsidiaries or parent company received by president and vice presidents shall be included in Column E of the Remuneration Scale Table, and change the name of the column as the “Parent Company and all Investees.”

c. Remuneration refers to the remunerations, compensations (including compensations of employees, directors and supervisors) and business execution expenses received by the president and vice presidents of the Company for serving as directors, supervisors or managerial officers of non-subsidiary investment enterprises or the parent company.

*The content of the remuneration disclosed in this table is different from the income concept of the Income Tax Act, so the purpose of this table is for information disclosure only and not for taxation.

4. Top Five Executives With the Highest Remuneration of a Twse/ Tpex Listed Company (Disclosure By Individual Name and Remuneration): Not applicable.

5. Names of Management Team for the Allotment of Employee Remuneration and Allotment Conditions

Unit: NT$ thousand December 31, 2023

	Position (Note 1)	Name (Note 1)	Share amount	Cash amount	Total	Percentage of total amount to net profit after tax (%)
Managerial Officers	President	Lee Shih-Shen	0	3,755	3,755	0.70%
	President Special Assistant	Ting Tai-Chuan				
	Division of Product and Process Engineering Chief	Hsu Hong-Wei				
	Project Division Chief	Lai Hsin-Chung				
	Utility Plant Chief	Lu An-Chuan				
	Marketing Division Director	Yang Cheng-Ping				
	Audit Supervisor	Tsai Ren-Hua				
	Head of Accounting	Kao Hung-Yu				
	Head of Finance; Corporate Governance Officer	Yeh Hsueh-Chen				

Note 1: Individual names and titles should be disclosed, but the profit distribution may be disclosed in an aggregated manner.

Note 2: This is to fill in the amount of employee remuneration (including shares and cash) approved by the board of directors to managerial officers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated based on the proportion of the distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the parent company-only or individual financial report in the most recent year.

Note 3: The applicable scope of managerial officers, based on Letter Order Tai-Cai-Zheng-San-Zhi No.0920001301 of the Commission on March 27, 2003, includes the following:

(1) President and equivalent
(2) Vice president and equivalent
(3) Assistant vice president and equivalent
(4) Head of the finance department
(5) Head of the accounting department
(6) Other staff with authority to manage the affairs for the company and sign.

Note 4: If the directors, presidents and vice presidents receive employee remunerations (including shares and cash), this table should be filled in additionally.

(IV) Comparison and Explanation Of Percentage of the Total Remuneration For Directors, Supervisors, Presidents and Vice Presidents of This Company Paid Over The Past Two Years By This Company to Net Profit After Tax in the Parent-Company-Only or Individual Financial Statements, The Policy of Remuneration Payment, the Standards and Combination, the Procedure for Remuneration Decision, and the Relevant Between Operation Performance and Future Risks.

1. Analysis of the percentage of the total remuneration for directors, Presidents and Vice Presidents of this Company paid over the past two years by this Company to net profit after tax the in the parent-company-only or individual financial statements.

Job Title	Total remuneration as a percentage of net profit after tax in the parent-company-only or individual financial statements %			
	2023		2022	
	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement
Director	1.46%	1.46%	1.36%	1.36%
President and vice presidents	2.83%	2.83%	1.55%	1.55%

2. Explain the policy of remuneration payment, the standards and combination, the procedure for remuneration decision, and the relevant between operation performance and future risks

As per Articles of Incorporation, Article 29, for each profitable fiscal year, the Company shall allocate more than 1% of profit as employee compensation. The Board of Directors shall be authorized to determine the criteria and disbursement method of the eligible employees. Meanwhile, the Company shall allocate no more than 3% of profit as Director remuneration.

The disbursement of employee compensation and Director remuneration shall be submitted to the Remuneration Committee for approval at the beginning of each year, before submitting to the Board of Directors for review and approval.

When the Company evaluates the performance and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers, the following principles shall be observed:

(1) The Company shall adopt the performance evaluation standards and remuneration standards or a remuneration structure and system based on future risk-adjusted performance and in line with long-term overall profitability and shareholders' interests.

(2) The remuneration and reward system shall not induce any director, managerial officer, or associated person to conduct any act beyond the company's risk appetite to pursue remuneration. The Company

shall periodically, review the remuneration and reward system and performance in order to ensure their consistency with the company's risk appetite.

(3) The time for payment of remuneration by the Company shall be set based on future risk-adjusted profitability in order to avoid the improper circumstance of sustaining loss after the payment of remuneration. A significant percentage of the remuneration/reward shall be paid by a deferred or equity-related method.

(4) When the Company assesses the contribution of a director, managerial officer, or associated person to the company's profits, it shall conduct an overall analysis of the Company's peers to clarify whether such profits resulted from an overall advantage of the company, in order to effectively assess the contributions that come from individual persons.

(5) The stipulations on severance pay between the Company and its directors, managerial officers, and associated persons shall be adopted based on realized performance in order to avoid improper circumstances such as receiving high severance pay after a short term of employment.

III. Implementation of Corporate Governance

(I) Implementation of the Board of Directors

A.The board of directors convened four meetings (A) in 2023. The attendance of the directors is described below:

Position	Name (Note 1)	Attendance in person B	Attendance by Proxy	Actual Attendance rate (%) 【B/A】(Note 2)	Remarks
Chairman	Dasong Investment Co.,Ltd. Representative: Raymond Soong	**4**		100	
Director	Hua Eng Wire & Cable Co.,Ltd. Representative: Liu Hsiu-Mei	**4**		100	
Director	Chan Chi-Che	**4**		100	
Director	Soong Ming-Feng	**1**	**3**	**25**	
Director	Yu Ming-Chang	**4**		100	
Director	Tsai Hsung-Hsiung	**4**		100	
Director	Lee Shih-Shen	**4**		100	
Independent Director	George Chen	**4**		100	
Independent Director	Sun Chin-Su	**4**		100	
Independent Director	Hsieh Fa-Jung	**4**		100	

Other matters required to be recorded:

I. If the operation of the board of directors matches one of the following conditions, it is required to specify dates, the number of meetings and content of proposals of directors, opinions of all independent directors and response to the opinions of independent directors on the Company:

(I) For matters set in Article 14-3 of the Security Exchange Act: The board of directors convened four meetings in 2023, and the resolution details as Page 62 of the Annual Report. All independent directors approved the matters set in Article 14-3 of the Security Exchange Act as they were proposed without dissent.

(II) Other resolutions, except for the above-mentioned ones, in the board of directors meeting about which any independent director expresses dissent or reservation and a record or written statement is made: None.

II. As for the implementation status of recusal bearing on the interest of a director is involved, the name of the director, proposal, reasons for the recusal, and participation in the voting shall be described: Please see Note 4.

III. The Board of Directors' Performance Evaluation: please refer to Note 3, Performance Evaluation Report, and the implementation of the Board of Directors and each functional committee.

IV. Goal for enhancement of board functions (such as the establishment of an audit committee or improvement of information transparency) in the most recent year and the most recent year and assessment of implementation conditions.

(I) To implement corporate governance and enhance the functions of the Board of Directors of the Company while establishing performance targets for better operational efficiency of the Board of Directors, the "Procedures for the Board's Performance Evaluation" was revised on November 7, 2019. The performance evaluation of the Board of Directors is carried out once a year. There are 16 aspects to evaluate the performance of the Board of Directors as a whole, board members, and the functional committees through questionnaire surveys with evaluation reports; the results of the performance evaluation of the Board of Directors have been submitted to the Board of Directors.

(II) The company has formulated the "Regulations Governing Procedure for Board of Directors Meetings" pursuant to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." It has entered the directors' attendance at the board meetings on the MOPS and disclosed major resolutions of the Board of Directors on the Company's website. (III) The Company established the Remuneration Committee on October 28, 2011, responsible for implementing recommendations, evaluating and supervising the Company's overall remuneration policy, the president and managerial officers' remuneration levels, employee share subscription plans and employee profit-sharing plans or other employee incentive plans. For the implementation status, please see Pages 40-42. (IV) Functions of the Board of Directors: Board members continue to participate in continuing educations related to corporate governance topics during their terms of office. The independent directors are in compliance with the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The board members have different professional functions as an implementation for the director diversity policy. (V) Since June 7, 2016, the Audit Committee has been set up to take charge in implementing relevant laws and regulations and assisting the Board of Directors to perform its supervisory duties. The chair of the committee regularly reports its resolutions to the Board of Directors.

Note 1: In case the director or supervisor is an institutional shareholder, such institutional shareholder's name and its representative's name shall be indicated.

Note 2: (1) If a director or supervisor has resigned before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors and actual attendance during the term of office.
(2) Before the end of the year, if there is the re-election of directors and supervisors, both the new and old directors and supervisors should be listed, and in the remarks column, it should indicate whether the directors and supervisors are old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of board of directors' meetings and the actual number of attendances during the term of office.

B. Attendance of independent directors to the board meetings: ⊙: attendance in person Δ: Attendance in proxy

Board of directors	Sun Chin-Su	George Chen	Hsieh, Fa-Jung
4th meeting, 9th Term February 24, 2023	⊙	⊙	⊙
5th meeting, 9th Term May 5, 2023	⊙	⊙	⊙
6th meeting, 9th Term August 11, 2023	⊙	⊙	⊙
7th meeting, 9th Term November 10, 2023	⊙	⊙	⊙

Note 3: Implementation of the Evaluation to the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	Evaluation results
Once a year.	January 1, 2023 to December 31, 2023	Evaluation to the Board of Directors' Performance	Self-evaluation of the agenda unit of the Board of Directors	① Participation in the operation of the company ② Improvement of the quality of the board of directors' decision making ③ Composition and structure of the board of directors ④ Election and continuing education of the directors ⑤ Internal control	The evaluation results are excellent. The evaluation results show that the overall operation of the Company's Board of Directors is in line with the spirit of corporate governance.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	Evaluation results
		Evaluation of the individual board member’s performance	Self-evaluation of the board members	① Alignment of the goals and missions of the company ② Awareness of the duties of a director ③ Participation in the operation of the company ④ Management of internal relationship and communication ⑤ The director’s professionalism and continuing education ⑥ Internal control	The evaluation results are excellent. The evaluation results show that the Company’s directors have a positive evaluation of the efficiency and effectiveness of the operation of various evaluation indicators.
		Evaluation of the functional committee’s performance (Audit Committee/Remuneration Committee)	Self-evaluation in the functional committees	① Participation in the operation of the company ② Awareness of the duties of the functional committee ③ Improvement of quality of decisions made by the functional committee ④ Makeup of the functional committee and election of its members ⑤ Internal control	The performance results of the Remuneration Committee and the Audit Committee is deemed to be excellent. For various performance indicators on efficiency and effectiveness, the evaluation showed that the functional committees have produced positive results.

Note 4: Recusal of Directors due to conflict of interest is as follows: None.

(II) Operation of the Audit Committee

The Audit Committee convened four meetings (A) in 2023. The attendance of the independent directors is described below:

Position	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	George Chen	4		100	
	Sun Chin-Su	4		100	
	Hsieh Fa-Jung	4		100	

Other matters required to be recorded:

I. In case of any following situation during the operation of the Audit Committee, the date, term of the meeting, content of the proposal, as well as objection or qualified opinion or material suggestions of the Independent Directors, the Audit Committee's resolutions, and the Company's resolution on the opinions of the Audit Committee shall be specified.

(I) For matters set in the Article 14-5 of Security Exchange Act:

<table>
<tr><th>Audit Committee Meeting Session/Date</th><th>Proposal</th><th>Matters set in the §14-5 of Security Exchange Act</th><th>Resolution of the Audit Committee</th><th>The Company's treatment to the Audit Committee's opinions</th></tr>
<tr><td rowspan="5">3rd meeting, 3rd Term
February 24, 2023</td><td>1. Co-Tech Development's 2022 "Internal Control System Statement," please deliberate.</td><td>v</td><td rowspan="14">All attending independent directors of the Audit Committee approved without dissent.</td><td rowspan="14">All attending directors approved without dissent.</td></tr>
<tr><td>2. Proposal for amendments to certain provisions of the "Corporate Governance Best Practice Principles", please deliberate.</td><td>v</td></tr>
<tr><td>3. Proposal to amend certain provisions of the "Sustainable Development Best Practice Principles", please deliberate.</td><td>v</td></tr>
<tr><td>4. Proposal of 2022 distributing remuneration of employees and directors, please deliberate.</td><td>v</td></tr>
<tr><td>5. 2022 consolidated and parent-company only financial statements, please deliberate.</td><td>v</td></tr>
<tr><td rowspan="5">4th meeting, 3rd Term
May 5, 2023</td><td>1. Proposal for 2022 earnings distribution, please deliberate.</td><td>v</td></tr>
<tr><td>2. The 2022 business report, please deliberate.</td><td>v</td></tr>
<tr><td>3. The new "Regulations Governing the Review of Pre-approval of Services Provided by CPAs."</td><td>v</td></tr>
<tr><td>4. The results of the 2022 CPAs' performance evaluation and the provision of services by CPAs for 2023 in advance.</td><td></td></tr>
<tr><td>5. The 2023 Q1 consolidated financial statements of the Company.</td><td></td></tr>
<tr><td rowspan="4">5th meeting, 3rd Term
August 11, 2023</td><td>1. Amendment to the "Table of Approving Authority."</td><td>v</td></tr>
<tr><td>2. Establishment of the "Procedures for Compilation and Verification of Sustainability Report".</td><td></td></tr>
<tr><td>3. Amendments to the "Regulations Governing Finance and Business Matters Between the Related Parties of Corporations and Limited Companies by Shares".</td><td>v</td></tr>
<tr><td>4. The 2023 Q2 consolidated financial statements of the Company.</td><td>v</td></tr>
</table>

6th meeting, 3rd Term November 10, 2023	1. 2024 annual audit plan.	v		
	2. The Company's Authorization for Investment and Disposal of Domestic Funds.	v		
	3. The 2023 Q3 consolidated financial statements of the Company.	v		

(II) Other resolution that has not been passed by the Audit Committee but passed by two-thirds or more of all Directors: None.

II. As for the implementation status of recusal bearing on the interest of an independent director is involved, the name of the independent director, proposal, reasons for the recusal, and participation in the voting shall be described: None.

III. Method of communication between Independent Directors, the Internal Audit Supervisor, and CPA (the material matters, methods, and results of the communication regarding the Company's finance and business):

(I) The Company's internal auditing unit sends audit reports and follow-up reports on audit deficiencies and improvements to independent directors every month and convenes audit committee meetings at least once a quarter to provide independent directors with audit services and audit results and their tracking status.

(II) During the quarterly audit committee meetings, the CPAs report the Company's and domestic and overseas subsidiaries' financial statements review or audit results, internal control audits, the impact of the revision and release of IFRSs bulletins on the Company, and other relevant legal requirements to the independent directors, and communicate whether there is any adjusted entry in financial statements or whether the amendment of the law affects the accounting method.

(III) Audit officers, CPAs and independent directors may communicate directly with each other as needed at any time, and the communication channels are smooth.

Note 1: If a supervisor or independent director resigned before the end of the year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of attendances during the term of office.

Note 2: Before the end of the year, if there is a re-election of a supervisor or independent director, the new and old supervisors should be listed. In the remarks column, it should indicate whether the supervisor is the old, new or re-elected and the re-election date. The actual attendance rate (%) is calculated based on the actual number of attendances during the term of office.

(III) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	v		The Company has established the "Corporate Governance Best-Practice Principles" and disclosed them on the website:(http://www.co-tech.com/_ch/04_ir/01_detail.php?MainID=8)	No deviation
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations?	v		(I) The stock affairs have been commissioned to a professional stock affair agency company, provide consulting and professional stock affairs services, convene shareholder meetings pursuant to the Company Act and related laws and regulations, and formulate the "Rules of Procedure for Shareholders Meetings." For the matters that should be resolved by the shareholders' meetings, they are implemented in accordance with the rules of procedure and shareholders are given the chance to speak. The content of the shareholders' speeches and the Company's treatments are recorded in the minutes of the shareholders' meeting. In addition, the Company has a spokesperson responsible for handling suggestions, doubts or disputes raised by shareholders.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
(II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller?	v		(II) The Company can effectively grasp the shareholding status of major shareholders such as directors and managerial officers and disclose it pursuant to laws and regulations.	No deviation
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	v		(III) The company has formulated the "Subsidiary Operation Management Procedures" and "Operational Procedures for Financial and Business Transaction among Group Companies and Specific Companies" in accordance with relevant laws and regulations to appropriately control the risks among the Company and its affiliate and to establish of appropriate firewalls.	No deviation
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	v		(IV) The Company has formulated the "Operational Procedures for Handling Material Internal Information" to regulate the related information.	No deviation
III. Composition and responsibilities of the Board of Directors (I) Does the board of directors have a diversity policy, concrete management goals, and implementation?	v		(I) The Company has established a policy of diversifying the composition of the Board of Directors in the "Corporate Governance Best Practice Principles". The Company selects directors with the knowledge, skills and education necessary for the execution of their duties based on their professional background, field and practical experience, which is beneficial to the overall development and operation of the Company. The Company also implements the specific management	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
			objective that the number of directors who are also managers of the Company should not exceed one-third of the total number of directors. The Company's Board of Directors is composed of experts in industry, finance, business, and investment, with more than half of the Board members possessing industry experience and at least one person in each of the professional fields, including operational judgment, compensation management, corporate governance, management, risk management, and sustainable development management. The percentage of directors who are concurrently employees of the Company is 10%, the percentage of independent directors is 30%, the percentage of female directors is 10%, one independent director has a tenure of more than six years, two independent directors have a tenure of four to six years, five directors are over 70 years old, three are 60-69 years old, and two are under 60 years old.	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	v		(II) In addition to the Remuneration Committee and the Audit Committee, the Company has also established an Employee-Employer Coordination Committee as a communication bridge between employees and the Company. The policy promotion, employee suggestions, among other things, are carried out in a two-way communication manner. The protection of employees' interests and the implementation of the welfare system conform to laws and regulations.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?	v		(III) The Company has revised the "Procedures for the Board's Performance Evaluation" on November 7, 2019. The scope of the Company's Board performance evaluation includes the performance evaluation of the overall Board of Directors, individual directors and functional committees. The method of evaluation is internal self-evaluation of the Board, self-evaluation of directors, peer evaluation, retaining of external professional institutions, experts or other appropriate methods for performance evaluation. The Company considers the status of the company and needs to formulate performance evaluation measurement items, such as: participation in the operation of the company, decision-making quality, continuing education, internal control, etc. When selecting or nominating the directors, the performance evaluation results are included in the selection reference; and the results of individual director's performance evaluations are used as the basis for determining their individual remuneration. When the Board of Directors' meeting convened on February 23, 2024, the evaluation results were reported to the Board of Directors.	No deviation
(IV) Does the Company assess the independence of external auditors regularly?	v		(IV) The Company has formulated the "Procedures for CPAs' Performance Evaluation," and the main evaluation content is divided into two parts:	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
			1. CPAs' independence: including terms of office, contingent service fees, financial interests... etc. 2. CPAs' competence: service quality and scale, professional level, timeliness... etc. The Company conducts evaluations in accordance with the items listed in the "Regulations on Performance Evaluation of CPAs", and evaluates the performance of CPAs regularly every year (once a year), and refers to the Audit Quality Indicators (AQIs) to evaluate the independence and suitability of CPAs. The results of the overall evaluation in 2022 are as follows, a score of 90 points. The evaluation result was reported to the Board of Directors when it was convened on May 5, 2023.	

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Does the TWSE/TPEx listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?	v		The Company's financial department concurrently serves as the corporate governance unit. The financial officer concurrently serves as the Corporate Governance Officer, to handle the Board of Directors and shareholders' meeting related matters, conduct the company registration and change registration, and prepares the Board of Directors and shareholders' meeting minutes.	No deviation
V. Has the Company established a means of communicating with its stakeholders (including but not limited to Shareholders, Employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	v		The Company has set up a section specific to stakeholders on the Company's webpage. It has established a communication channel for stakeholders to make suggestions, criticisms, and advice on the Company. (http://www.co-tech.com/_ch/04_ir/01_detail.php?MainID=9)	No deviation
VI. åDoes the Company appoint the professional stock affair agency to handle the affairs of the shareholders' meeting?	v		The Company has retained a professional stock affair agency to handle consultancy and stock affair professional services and convene shareholders' meetings pursuant to the Company Act and related laws and regulations.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
VII. Information Disclosure (I) Has the company established a website that discloses financial, business, and corporate governance-related information?	v		(I) The company has disclosed the latest news of relevant product information and financial information on the Company's website, and a link to MOPS is provided to inquire about the Company's relevant financial, business and corporate governance information.	No deviation
(II) Does the Company adopt other avenues for information disclosure (e.g. setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing a spokesperson system, disclosing the process of institutional investor conferences on the Company website and etc.)?	v		(II) In addition to the above-mentioned websites, the company has a spokesperson system and exposes financial business data and corporate governance information on the "MOPS" (website http://mops.tse.com.tw).	No deviation
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?	v		(III) The Company's 2023 financial report was announced and reported on the day when the Board of Directors approved the financial report on February 23, 2024. The financial reports for the first, second, and third quarters are also announced and reported on the day of approval by the Board of Directors. The monthly revenues are completed before the 10th day of the following month, as required.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
VIII. Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of stakeholders, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	v		(I) Employees' rights: In addition to the establishment of the Employee Welfare Committee and the Labor Pension Reserve Supervision Committee in accordance with the law, for comprehensively conducts the preparation, contribution, custody, and utilization of employee benefits and pension reserves, as well as related matters regulated by relevant laws, the Company regularly holds employee-employer meetings as a bridge of communication between employees and the Company. All policy promotions, employee's voices and counseling are conducted in two-way communication. The protection of employees' interests and the implementation of the welfare system conform to laws and regulations.	No deviation
			(II) Employee care: Through a substantial and good training system, a good relationship of mutual trust and dependence with employees is established. Regular health check-ups are arranged to help employees monitor and improve their physical health, with group life insurance and accident insurance, as well as parking lots.	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
			(III) Investor relations: To protect the interests of shareholders and make it easier for the investors to understand the Company's operating conditions, in addition to the queries on the MOPS, the Company has set up a "Stakeholder Section" on the Company's website to provide investor-related information, and appointed the spokesperson and cooperated with a professional stock agency, to handle shareholder suggestions and serve as the contact.	No deviation
			(IV) Supplier relationship: The Company treats suppliers with fairness, respect and dignity, and maintains good interactive relationships.	No deviation
			(V) Stakeholders' rights: The Company has set up the spokesperson and deputy spokesperson to handle related issues and suggestions; but if legal issues are involved, the Company has hired lawyers and consultants to deal with them, to safeguard the legitimate interests.	No deviation
			(VI) Continuing education for directors and supervisors: The directors and supervisors of the Company have professional backgrounds in the industry and practical experience in operation and management; by complying with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies," they received continuing education; such education is disclosed on	No deviation

Assessment Criteria	Actual Governance (Note 1)			Deviation And Causes Of Deviation From The Corporate Governance Best-Practice Principles For TWSE/TPEX Listed Companies
	Yes	No	Summary	
			the “MOPS.” Please refer to Note 2 for the details of their continuing educations.	
			(VII) Execution of risk management policies and risk measuring standards: Formulate various internal management systems pursuant to laws and conduct regular inspections to effectively manage and evaluate various risks.	No deviation
			(VIII) Execution of customer policies: 1. The Company maintains a stable and good relationship with customers, meets customers’ needs, and aims to create a green enterprise. 2. Regularly conducts due diligence to customers and ensures accounts receivable insurance to minimize the risk of bad debts.	No deviation
			(IX) The liability insurance for the Company’s directors and supervisors: The Company has bought the liability insurance for the directors.	No deviation
IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved. (The companies not subject to the evaluation need not fill in this part) The Company ranked in the top 21% - 35% of the 2022 “Corporate Governance Evaluation Results” and did not score mainly on climate-related issues. The Company will cooperate with the preparation of the sustainability report to disclose relevant indicators and information.				

Note 1: Regardless of “Yes” or “No” checked for the operation, summaries shall be provided in the column.

Note 2: The continuing educations of directors and managerial officers for 2023.

Position	Name	Date of course	Sponsor	Name of course	Hours of course
Chairman	Dasong Investment Co.,Ltd. Representative: Raymond Soong	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
Representative of Institutional Director	Hua Eng Wire & Cable Co., Ltd.. Representative: Liu Hsiu-Mei	2023/6/6	Securities and Futures Institute (SFI Taiwan)	Understanding and application of credit rating	3
		2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
		2023/11/27	Taiwan Investor Relations Institute	Cross-border management of net zero carbon emissions	3

Position	Name	Date of course	Sponsor	Name of course	Hours of course
Director	Yu Ming Chang	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
Director	Tsai Hsung-Hsiung	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/9	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
Director	Lee Shih-Shen	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3

Position	Name	Date of course	Sponsor	Name of course	Hours of course
Director	Soong Ming-Feng	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
Director	Chan Chi-Che	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3

Position	Name	Date of course	Sponsor	Name of course	Hours of course
Independent Director	Sun Chin-Su	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
Independent Director	George Chen	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
Independent Director	Hsieh Fa-Jung	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3

Position	Name	Date of course	Sponsor	Name of course	Hours of course
Audit Supervisor	Tsai Ren-Hua	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
		2023/11/09	The Institute of Internal Auditors, R.O.C.	Seminars on “Execution of Sustainable ESG by Enterprises” and “Integrated and Applied Practice of Internal Audit and Control”	6
		2023/11/16	The Institute of Internal Auditors, R.O.C.	How to adjust the internal control system in response to the new requirements of ESG	6
Head of Accounting	Kao Hung-Yu	2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
		2023/5/25-2023/5/26	Accounting Research and Development Foundation	Issuer Stock Exchange Continuing Education for Accounting Officers	12

Position	Name	Date of course	Sponsor	Name of course	Hours of course
Head of Finance; Corporate Governance Officer	Yeh Hsueh-Chen	2023/04/18	The Institute of Internal Auditors, R.O.C.	Policy Analysis of “Preparation of Financial Statements” and “Sustainability Reporting” and Seminar on Key Practices of Internal Audit and Internal Control	3
		2023/04/27	Taiwan Corporate Governance Association	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3
		2023/10/06	Accounting Research and Development Foundation	“New ESG Regulations & Financial Statement Impacts” The Latest “Sustainable Development Action Plan” and the Practical Analysis of the Impacts of Net Zero Carbon Emission on Financial Statements	6
		2023/8/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Epidemic Environment: Discussion of Global and Taiwanese Tax System Reform and Corporate Tax Governance	3

(IV) The Composition, Responsibilities and Operation of the Remuneration Committee:

In order to continuously strengthen corporate governance and conform to international standards, Co-Tech established the Remuneration Committee in 2011. The Committee is authorized by the Board of Directors to supervise and review the Company’s overall remuneration policy and plan and has the right to resolve. This is a highly authorized remuneration committee system among domestic OTC-traded companies and has become a leading indicator of domestic corporate governance. The scope of supervision of the Remuneration Committee includes the remuneration of the chairman, all senior executives and managerial officers, as well as employee incentives and profit-sharing plans

(1) Composition of Remuneration Committee

A. The Committee consists of three members, and all three members are independent directors to maintain the independence, professionalism, and impartiality of the Remuneration Committee while avoiding the conflict of interest risks between the Committee members and the Company.
B. The members of the Committee are appointed by the Chairman through a resolution approved by the Board of Directors. The term of office of the members starts from the day when the Board of Directors approves the appointment to the expiration of the term of the directors of the same term. If there is any change to the Committee members, the term of office expires at the expiration of the original term.
C. The term of the Remuneration Committee members shall end at the same time as that of the Board of Directors that appointed the Remuneration Committee.
D. If any member of the Remuneration Committee is dismissed for any reason, and thus the number of members is fewer than three, the Board of Directors shall convene a meeting to appoint the replacement within three months from the day when the fact occurs.
E. When there is an appointment or change of the Remuneration Committee’s member, it shall, within two days counting inclusively from the date of occurrence, be publicly disclosed and reported on the information reporting website designated by the competent authority.
F. The agenda of the Committee is handled by the Finance Department.
G. The professional qualifications and independence of the members of the Committee shall comply with Article 5 and Article 6 of the Remuneration Committee’s Authority Procedures.

(2) Duties of Remuneration Committee

The remuneration committee shall exercise the care of a good administrator in faithfully performing its official powers and shall submit its recommendations for deliberation by the board of directors:
A. Periodically reviewing this Charter and making recommendations for amendments.
B. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers
C. Periodically evaluate and prescribe the remuneration of directors and managerial officers.
D. With respect to the performance assessment and remuneration of directors and managerial officers of the company, it shall refer to the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation between remuneration and individual

performance, the company’s business performance, and future risk exposure.

E. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.

F. It shall take into consideration the characteristics of the industry and the nature of the company’s business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.

G. Compensation” as used in Paragraphs D and F includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

H. Any member of the Committee must not vote for the proposal in case of any of the following circumstance:

(a)The member or the institution he/she represents has a conflict of interest, which may be detrimental to the Company’s interest.

(b) The member voluntarily recuses.

(c) In case the Committee becomes unable to resolve due to the preceding requirements, the Board of Directors shall be reported to, and the resolution will be made by the Board of Directors.

(3) Operation of Remuneration Committee

(1) Information on members of the Remuneration Committee

February 29, 2024

Identity (Note 1)	Condition / Name	Professional qualifications and experience (Note 2)	Independence status (Note 3)	Number of other public companies in which the member is concurrently serving as a remuneration committee member
Independent Director	Sun Chin-Su (Convener)	Please see page 14 on “1. Disclosure of the information on the professional qualifications of Directors and Supervisors, and independence of Independent Directors”.		None
Independent Director	George Chen			None
Independent Director	Hsieh Fa-Jung			None

Note 1: Please indicate on the form to illustrate the job tenure, professional qualification, experience and independence. For Independent Directors, further indication to refer to disclosure for Director and Supervisor may be noted. For "Identity", please indicate "Independent Director" or "Others" (for the convener, please indicate as such).
Note 2: Professional qualifications and experience: Please indicate the professional qualifications and experience of individual Remuneration Committee members.
Note 3: Status of independence: Please indicate the status of independence of the Remuneration Committee members, including but not limited to, whether the persons or their spouses or relatives within the second degree of kinship are Directors, Supervisors or employees of the Company or its affiliates; the number of company shares held by the persons or their spouses or relatives within the second degree of kinship (or held by nominee shareholders) and the shareholding percentage thereof; whether the persons are Directors, Supervisors or employees of any companies with specified relationship with the Company (in reference to 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, Article 6, Paragraph 1, Subparagraphs 5 to 8); and the amount of fees in the last two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services.
Note 4: For the disclosure method, please refer to the Corporate Governance Center section of the Taipei Exchange website for sample template of best practice.

(2) Information on the operation of the Remuneration Committee

A. The total number of members in the Remuneration Committee amounts to three persons.

B. The term of office for the current members: June 21, 2022 to June 20, 2025. For the most recent year (2023), a total of three (A) meetings were held by the Remuneration Committed. The attendance is as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Actual Attendance rate (%) (B/A)(Note)	Remarks
Convener	Sun Chin-Su	3	0	100%	
Member	George Chen	3	0	100%	
Member	Hsieh Fa-Jung	3	0	100%	

Other matters required to be recorded:

I. Proposal discussed by the Remuneration Committee are as the following:

Date of Meeting	Proposal in the meeting	Resolution	The Company's Treatment to the remuneration committee's opinions
February 24, 2023	Proposal of 2022 distributing remuneration of employees and directors.	Approved by all members	Submitted to the board of directors and approved by all directors
	Discussion of the 2022 Governance Score for the Board of Directors.		
May 5, 2023	2023 reward plan		
November 10, 2023	Proposal of principles for issuing the year-end bonus and the performance bonus for 2023.		
	Discussed the 2024 working plans of the remuneration committee		

II.	If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the nature of motion, the resolution made by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g., if the amount of remuneration passed by the Board of Directors has a discrepancy with the recommended amount by the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
III.	If resolutions of the Remuneration Committee are objected by members or become subjected to a qualified opinion, which has been recorded or declared in writing, then the date of the meeting, the session, the nature of the motion, all members' opinions, and the response to members' opinions should be specified: None.

Note: (1) If a Remuneration Committee member resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and actual attendance during the term of office.

(2) Before the end of the year, if the Remuneration Committee is re-elected, both the new and old Remuneration Committee members should be listed. The remarks column should indicate whether the member is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Compensation Committee during their terms of office and their actual attendance.

C. Information on the members and operations of the nomination committee: N/A.

(V) Deviations Between the Implementation of the Company’S Sustainable Development and the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies, and Their Causes

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
I. Does the company have a governance structure that promotes sustainable development, and establish a special unit or designate an existing unit for the task of sustainable development promotion? Does the board of directors of the company authorize the management to handle relevant matters and how does the board of directors supervise relevant matters?	v		The Board of Directors serves as the highest governance body for sustainable development issues and is responsible for reviewing and supervising the development of strategies and policies. In 2022, the Company established the ESG Promotion Team, which is taken charge by Utility Plant Chief. Along with mid and senior level management of different departments to reviews the core operational competence of the Company, and identifies sustainability issues that concern the operation and stakeholders via meetings. Yearly plans shall be devised and implemented. Follow-ups on the implementation results are performed to ensure sustainable development strategies are fully implemented in the Company’s routine operation. The 2023 Sustainability Report is expected to be completed before the end of June 2024 and submitted to the Board of Directors for announcement and report. The same procedure will be followed for the previous year’s Sustainability Report each year in the future.	No deviation
II. Has the Company performed risk assessment pertaining to the environment, community and corporate governance issues related to the operation of the Company in accordance with the materiality principle and established the corresponding risk management policies or strategies? (Note 2)	v		The scope of risk assessment is mainly in Taiwan. The Corporate Governance Department analyzes and evaluates material ESG issues based on the principle of materiality, and formulates relevant risk management policies or strategies as follows:	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Material issues</th><th>Risk Assessment Items</th><th>Description</th></tr>
<tr><td>Environment</td><td>Environmental Impact and Management</td><td>1. Use the TCFD framework to construct the Company’s potential risk identification process.
2. Regular inventory of greenhouse gas emissions in accordance with ISO 14064-1 to examine the impact on the Company’s operations. Based on the results of carbon inventory, we continue to implement carbon reduction measures to effectively reduce the risk of Scope 1 emissions and the indirect emissions of Scope 2 greenhouse gases caused by the use of electricity.</td></tr>
<tr><td>Society</td><td>Occupational safety</td><td>1. The “ISO 45001 Occupational safety and health management system” has been promoted.
2. Regular fire drills and industrial safety education and training are held every year to cultivate employees’ abilities in emergency response and self-safety management.</td></tr>
<tr><td>Corporate governance</td><td>Strengthen the functions of the Board of Directors</td><td>1. Plan relevant continuing education topics for directors, and provide directors with the latest laws and regulations, system development, and policies every year.
2. Purchase director liability insurance for directors to protect them from litigation or claims.</td></tr>
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Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
			Stakeholder Communication: 1. To prevent the stakeholders from having different positions from the Company, causing misunderstandings and causing litigation risks, the Company analyzes the key stakeholders and the important issues of concern every year. 2. Establish various communication channels, communicate actively, and reduce confrontation and misunderstanding. The Company has set up an investor mailbox, and the spokesperson is responsible for handling and responding.	
III. Environmental Issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial character?	v		1. The Company has established the environmental management system based on ISO 14001 for all plants and sought third party certification consistently. On December 3, 2019, the Company obtained the certification of ISO 14001:2015 (CNS14001:2016), which is effective before October 7, 2025. 2. The waste gas and sewage generated by the Company's production have been treated with pollution prevention equipment and have not caused pollution, and have passed the environmental protection certification documents provided by the ISO 14001 certified laboratory in order to reduce possible risks.	No deviation
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the	v		The Company consistently seeks to enhance the utilization efficiency of various resources. For e.g. reuse of envelops and kraft paper bag for document delivery. The raw materials used are compliant with the	No deviation

Item		Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
		Yes	No	Summary	
	environment?			provisions of Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Furthermore, the relevant units proactively recycle and reuse materials and reduce the pollution from production processes so as to curtail the environmental impact.	
(III)	Does the Company evaluate the potential risks and opportunities posed by climate change to the Company at present and in the future, and take relevant countermeasures?	v		1. The Company pays close attention to climate change issues, and therefore requests employees to adopt certain practices in their routine, e.g. double-sided printing, placing recycle boxes by the photocopying machines to encourage the use of recycled papers. The Company also encourages employees to adopt electronic means for document or correspondence exchange so as to reduce paper use. 2. The Company adopts energy conserving LED lightings. Employees have also been answering the call of the Company in turning off unused lighting and adopting conserving energy measures so as to alleviate global warming.	No deviation
(IV)	Has the company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past 2 years. It formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	v		Every year, the Company conducts statistics on greenhouse gas emissions, water consumption and total weight of waste, and the statistics results are tabulated for review. The Company pays much attention to environmental protection and consumption reduction policies. The goal of electricity use is set to decrease by 1% per year. The actual performance for 2023 was a decrease by 1.99% on average. For the environmental protection policy, please see the Company website for more information.	No deviation

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
IV. Social Issues (I) Does the company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	v		In accordance with labor regulations, International Bill of Human Rights and occupational safety and health regulations, the Company has established “Working Regulations”, “Procedures for Sexual Harassment Prevention at Workplace”, “Working Regulations for Occupational Safety and Health”, “Program for Preventing and Managing Abnormal Workload-triggered Disorders”, “Management Procedures for Maternal Health Protection” and “Program for Prevention and Management of Unlawful Infringement in the Performance of Duties” to protect employee interests and their health and safety.	No deviation
(II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration?	v		1. The employee remuneration policy is implemented in accordance with the Company’s “Working Regulations”, “Regulation for Employee Benefit Subsidies” and “Measures for Performance Appraisal”. In addition, as per Articles of Incorporation, for each profitable fiscal year (pre-tax profits before allocation of employee remuneration and Director remuneration), the Company shall allocate more than 1% of profit as employee remuneration. The employee remuneration for 2022 had been fully disbursed in 2023. 2. Employee welfare measures: The Company has established Staff Welfare Committee, to plan and provide welfare benefits for employees, e.g. employee retreat, scholarship, birthday gift vouchers, wedding subsidy, child subsidy, bereavement subsidy, hospitalization consolation money and festival celebration activities. The Company has also provided group insurance, free medical checkup and dining subsidy. As for the leave system, the Company has provided annual leave in accordance with Labor Standards Act,	No deviation

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
			as well as childcare leave, sick leave and compassion leave. If employees require a long period leave, they may apply for sabbatical leave to accommodate personal and family care needs. Diversity at workplace and equal rights allow both genders entitled to equal pay and opportunity for promotion. 3. The Company seeks to protect employee rights and provide welfare for them. For facilities wise, the Company provides free parking, breastfeeding rooms, staff cafeteria and staff dormitories for the basic needs of employees. For the physical and mental well-being of employees, the Company arranges for yearly medical checkups, doctors coming to the plants to provide medical services, and health seminars.	
(III) Does the company provide employees with a safe and healthy work environment and regularly provide safety and health education to employees?	v		1. The Company is committed to providing a safe and friendly working environment and basic protection for employees. Fostering a good workplace and protecting employee occupational safety and health are the primary responsibilities of the Company. 2. The Company regularly provides relevant training to employees. By holding simulations for emergency circumstances, the Company trains employees for evacuation and response capability, as adequate knowledge and preparation beforehand can reduce the risk of personnel injury. The Company has further established Occupational Safety and Health Committee in accordance with occupational safety and health regulations. The Company also consistently acquires the certification for ISO14001:2015 environmental management system and international standard certification for ISO 45001:2018 occupational safety and health management system.	No deviation

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
			Based on the control of working environment and operational hazard, the Company performs an operational environmental examination every half a year and arranges for its employees to receive medical checkup once a year, which is beyond the regulatory requirement, as a preventive management measure for occupational disease. For tasks with special health hazards involving noise, the Company shall follow up and provide the necessary healthcare consultation and guidance individually so as to help employees monitor their own health. There were 2 occupational accidents in 2023. 3. Through labor representative consultation and participation in the Occupational Safety and Health Committee, the Company promotes the prevention of occupational hazards at workplaces, regulates machine operations, educates and trains personnel to comply with safety rules, safety protection for machinery and facilities and safety signs in English and Chinese. The Company also requires employees to comply with the requirement to wear appropriate personal protective equipment at workplaces, and put up posters on the bulletin board to remind employees to pay attention to workplace safety. The construction safety personnel of the Company shall establish inspection plan. The personnel shall produce a report and review every item of the inspection results for every quarter, as well as following up on improvement measures pertaining each weakness found. Occupational Safety and Health inspections in 2023 were as follows: (1) Construction safety is inspected more than four times per month.	

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
			(2) Fire extinguishing equipment is inspected once every three months. (3) Safety facility is inspected more than four times per month. (4) Occupational safety and health performance indicators are checked once every 3 months (5) Employee general and special health examinations are performed once a year. 4. From time to time, the Company's occupational safety personnel visits production sites of each factory to inspect the operating environment and production equipment safety, the content and requirements of the inspections include: (1) Improve the operating environment, strengthen equipment safety fencing protection and automated equipment, use of appropriate personal protective equipment for personnel in the workplace, and safety labels in English and Chinese for equipment to reduce the incidence of occupational hazards. (2) Depending on job requirements, every specialized operator shall partake in training to obtain qualifications, and regularly receive reinforcement training to obtain the relevant knowledge and skills. In 2023, the safety training had 668 participants with a total of 1,149 training hours.	
(IV) Does the company establish effective training programs for employee's career development?	v		In accordance with the job descriptions, the Company has planned complete functional training for supervisors and employees at all levels, including new employee orientation training, professional training,	No deviation

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
			supervisor training, etc., to assist employees in continuous learning and growth through diversified learning methods. The Company also arranges for relevant personnel to attend external professional training courses according to the training plans or needs proposed by supervisors, in order to cultivate employees' professional key abilities. In FY2023, there were 34 external training courses taken and 2,032 participants for internal training. For employee performance appraisal each year, supervisors shall discuss and formulate individual competence development planning with employees. By regular review and feedback, they assist the employees in devising the best vocational competence development planning.	
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	v		The Company has always been compliant with the relevant regulations and international standards. No violations of marketing and information labeling of products and services have occurred. When selling products to customers, the Company shall provide SGS report indicating compliance with RoHS or REACH regulations. Furthermore, the Company also assists customers in their compliance with RoHS or REACH regulations and inspection on other specified hazardous substances. To protect consumer rights and fulfil responsibility for its products, the Company shall make information disclosure on its existing and new products in written catalogues and on the Company website. Customers are able to refer to the information at any time. The Company shall also establish the stakeholder communication channel, and formulate "Procedures for Handling Customer Complaints" and "Procedures for Conducting Customer Satisfaction Inspect" and other after-sale services.	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health or labor rights?</td><td>v</td><td></td><td>In accordance with the provisions of ISO14001/ISO45001, the Company has established “Procedures for Procurement Management” and “Procedures for Supplier Management” to manage suppliers and strictly require them to impose quality control, as well as complying with safety and healthy regulations and labor law. If any violation is noted, the Company shall require the supplier in question to make improvement within a period of time.</td><td>No deviation</td></tr>
<tr><td>V. Does the company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the company? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?</td><td></td><td>v</td><td>The Company has started to collect the relevant information and prepare the Sustainability Report.</td><td>The Company is not included in the list required to submit a CSR report, but the Company spares no effort to promote its CSR.</td></tr>
<tr><td colspan="5">VI. If the company has its own regulations established according to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the established Principles:
The Company has established the “Corporate Social Responsibility Best Practice Principles;” in addition to timely amendments of relevant laws and regulations, the Company active participates in environmental protection, social service and care, and sponsorship of public welfare activities, to fulfill corporate social responsibilities with practical actions, there is no difference.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the company’s implementation of the sustainable development:
(I) Environmental protection: The Company obtained ISO 14001: 2015 version (CNS 14001:2016) certificate on December 3, 2019, and the certificate is valid until October 7, 2025. The waste gas and sewage generated by the Company’s production have been treated with pollution prevention equipment and have not caused pollution, and have passed the environmental protection certification documents provided by the ISO</td></tr>
</table>

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
14001 certified laboratory in order to reduce possible risks. (II) Community engagement: Every year, the Company regularly assists and participate in the community traditional festival held by Zhonghe Shrine Bei-Ji-Hsuan-Tian Deity. (III) Social contribution, social service, social welfare: The Company has donated various charity activities from time to time, such as: nursery schools, and held joint employee donations and reliefs for emergencies from time to time to fulfill social responsibilities. (IV) Consumer rights: In terms of consumer rights protection, although the Company does not have products under its own brand, general consumers do not access the product sales directly, and there has been no consumer dispute since the establishment. The Company has always valued the rights and opinions of consumers very much. In order to ensure the interests of consumers' information access and opinions, the Company has set up relevant e-mails and hotlines to reflect opinions on the Company's website. (V) Human rights: The Company upholds the principle of equal opportunities and recruits employees through an open selection process. The Company hires talents, regardless of their race, gender, age, religion, nationality or political tendencies. In terms of employment, the Company hires the right people for the right positions and affirms the contribution of diversified talents. The Company strictly prohibits any discrimination, inequality and sexual harassment in the workplace and has established relevant management methods and complaint hotlines to maintain a safe and healthy working environment. (VI) Safety and Health: 1. Safety and health policy: Since the establishment, the Company has deeply understood that employees and supplier partners are the most important assets in the sustainable development of the Company. Therefore, during the process of the research and development, manufacturing, testing, and sales for products, not only safety and health regulations and other relevant requirements are met, but also continuous improvement should be made to avoid the occurrence of unsafe conducts, environments and equipment, prevent occupational disasters, and fulfill the responsibility of ensuring the safety and health of employees; The ISO 45001: 2018 version certificate was obtained on January 11, 2022, and the certificate is valid until January 10, 2025. The company commits to: (1) Comply with safety and health laws and related regulations. (2) All employees actively participate in safety and health activities. (3) Protect the safety and health of all employees and all personnel entering the Company. (4) Continuously improve the safety and health management system and management performance. (5) Prevent the occurrence of work-related injuries or unhealthy accidents. (6) Communicate safety and health policies and issues to employees and related personnel.				

Item	Implementation (Note 1)			Deviations to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and their Causes
	Yes	No	Summary	
2. Provide a safe employment environment for workers, which is the responsibility of the Company to safeguard the safety of employees. In order to improve safety and health performance, the Company has actively promoted various management plans in order to achieve the ultimate goal of zero disasters.				

Note 1: If "yes" is indicated for implementation, please describe the important policies, strategies, measures and implementation status; if "no" is indicated, please describe the deviation and causes of deviation in the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" column, as well as the planning for undertaking the relevant policies, strategies and measures in the future. However, with regard to the promotion items 1 and 2, listed companies should describe the governance and supervisory framework for sustainable development, including but not limited to the management guidelines, strategies and goal setting, and review measures, etc. Please also describe the Company's risk management policies or strategies on environmental, social and corporate governance issues related to its operations, and the evaluation thereof.

Note 2: The principle of materiality refers to those environmental, social and corporate governance-related issues having significant impacts on the Company's investors and other stakeholders.

Note 3: For the disclosure method, please refer to the Corporate Governance Center section of the Taipei Exchange website for sample template of best practice.

(VI) Climate-related Information of TWSE/TPEx-Listed Companies

1 Climate-related information implementation

<table>
<tr><th>Item</th><th>Implementation</th></tr>
<tr><td>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</td><td>The Board of Directors is the highest governance unit for the management of climate-related risks and opportunities. It is responsible for reviewing and supervising the development of strategies and policies, setting carbon reduction goals and disclosing climate-related financial information in accordance with the government's carbon reduction plan. The Company incorporates the possible impact of climate change into overall business operations, estimates the extent of risks and impacts, and establishes a response mechanism. When adapting to climate change, it also considers the Company's competitiveness to grasp business opportunities. The Board of Directors has approved the GHG inventory and verification schedule of the parent company and subsidiaries in accordance with the Corporate Governance Blueprint 3.0.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).
3. Describe the financial impact of extreme climate events and transformation actions.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>In the face of climate change caused by the greenhouse effect, frequent natural disasters may cause power or water cuts in the factory areas, which will lead to potential financial impacts such as reduced revenue, increased operating costs, and reduced asset value. Aiming to reduce the impact on the operation, we have identified the following types of risks based on the legal, physical and economic aspects, with reference to the TCFD Guidelines, the Global Risk Assessment Report, the Taiwan Climate Change Research Report for 2050, and considering the actual conditions of the markets where we operate:
<table>
<tr><th colspan="2">Risk items</th><th colspan="2">Potential financial impact</th><th>Opportunity items</th><th>Opportunity and potential financial impact</th><th>Risk response measures</th></tr>
<tr><td rowspan="3">Transformation risks</td><td rowspan="3">Policies and regulations</td><td>Introduce carbon border tax</td><td>Increase of operating costs</td><td>Adopt low-carbon energy and enhance energy substitution/diversification</td><td>Lower operating costs</td><td rowspan="3">1. Participate in domestic legal seminars and trainings, continue to pay attention to domestic and international trends and developments, such as the regulatory requirements of ESG, carbon neutrality and carbon trading mechanism, and prepare for greenhouse gas inventory and inspection.
2. Follow the ISO14064-1 environmental management system to improve energy efficiency, save energy and reduce carbon emissions.
3. Continue to implement ISO14001 as planned.
4. Installation of solar photovoltaic system on the roof of self-built factory buildings.
5. Continuous monitoring to correct abnormal water consumption in real time, reduce waste, and ensure the adequacy of water pipes and water circulation equipment in the plant.
6. Gradually replace the energy-saving LED light bulbs in the production area.</td></tr>
<tr><td>Carbon Fee Collection</td><td>Increase of operating costs</td><td>Establish green power equipment</td><td>Increase in asset value</td></tr>
<tr><td>Renewable Energy</td><td>Increase of</td><td>Improve production process</td><td>Increase in</td></tr>
</table></td></tr>
</table>

Item	Implementation

		Development Act (Provisions for Large Power Users) - Relevant expenditures in compliance with regulations	operating costs	efficiency and reduce resource consumption	operating revenue	
		Water consumption charge	Increase of operating costs	Enhance water use management and improve the efficiency of water utilization per unit	Lower operating costs	
	Market	Failure to meet customer needs due to changes in market trends	Decrease in operation	Use of energy-saving and environment-friendly materials	Increase in operating revenue Increase in operating cost	1. Recycle and reuse the packaging materials (wooden boxes and pallets). 2. Develop green products in line with market trends.
	Company reputation	Financial institutions may raise loan interest rates to high-carbon industries	Increase of operating costs	Actively participate in domestic and foreign energy conservation and carbon reduction initiatives, promote various carbon reduction measures in line with national policies, and enhance goodwill	Increase in operating revenue	Actively participate in international sustainability ratings and continue to refine ESG-related sustainability strategies to increase market recognition.
Physical risk	Immediacy	Increased typhoon intensity and extreme rainfall cause flooding	Increase in capital expenditure and decrease in operating revenue (interruption of production)	Enhance resilience and adaptability to extreme climate disasters	Improve climate resilience and reduce business interruption and possible losses to the Company	1. Establish an emergency response organization to respond immediately and reduce disaster losses. 2. Regularly check the pumps, and set up an emergency power generation system and a water storage system in case of emergency. 3. Regular dredging measures to ensure the stable production of the process in case of natural disasters. 4. Strengthen contingency measures for typhoon prevention, accelerate the drainage speed of the plant area, and reduce the risk of flooding due to heavy rains.

Transition risk: In response to the market complexity and impact caused by climate change, it is necessary to adjust through changes in the supply and demand structure. The adjustment methods include changes in policies, laws, technology and market, in order to mitigate and adapt to the needs of climate change.

Physical risks: The actual risks brought about by long-term climate changes and immediate extreme weather disasters may cause direct impacts to the industry and interruptions to the supply chain.

Item	Implementation

Explanation of evaluation principles:

	Urgency	Probability of occurrence	Degree of impact	Risk and opportunity assessment results and handling principles
1	Short-term (1-3 years)	High	High	The risk is listed as a short-term risk that must be managed and controlled through the actions of each department.
		Medium	Medium	Evaluate the future development before deciding how to handle the matter.
		Low	Low	Not processed for the time being.
2	Mid-to-long term (3-10 years)	High	High	Evaluate the probability of occurrence and the degree of impact to determine if they are appropriate for the short-term risk.
		Medium	Medium	Evaluate the future development before deciding how to handle the matter.
		Low	Low	Not processed for the time being.

Impact: High impact means a large financial cost or capital expenditure; medium impact means medium financial cost or capital expenditure; low impact means a small financial cost or capital expenditure.

Probability: Short-term: frequent occurrence within three years; medium-term: at least once every three to five years or likely to occur; long-term: probability of occurrence after five years.

Description of the possible financial impact from the TCFD risk impact assessment

	Type of risk	Impact on Co-Tech Development	Subsequent financial calculation requirements
1	Transition risk: Increase in cost of raw materials	The raw material suppliers are experiencing shortages due to climate change. The supply of raw materials exceeds the demand, which increases the procurement cost and the manufacturing cost.	1. Raw materials and items that may be affected and the extent of the impact. 2. Affected products and scope. 3. Influence starting time.
2	Transition risk: Supply chain carbon reduction requirements	With the rising awareness of environmental protection, the market will pay more attention to energy-saving and carbon reduction products, and the R&D department will need to devote more resources to research, resulting in an increase in operating costs.	1. Cost of sustainable operation planning. 2. Costs of alternative solutions.
3	Physical risk: Increased severity of extreme weather events such as hurricanes and floods	Extreme climates increase the chance of hurricanes or showers, which may cause flooding of the plant or nearby communities, hinder transportation from the plant, lead to shutdowns, reduce revenue, and increase costs.	1 Cost of sustainable operation planning 2. Cost of alternatives

<table>
<tr><th>Item</th><th>Implementation</th></tr>
<tr><td></td><td>
<table>
<tr><td>4</td><td>Transition risk:
EU Carbon Border Adjustment Mechanism (CBAM) amendment related laws and regulations</td><td>The world has set a net zero emission target. After COP27, it is expected that the world will reach the peak of carbon emissions in 2025. The relevant laws and regulations will have higher requirements for carbon reduction, which makes it necessary to adopt more low-carbon technology transformation and development, and the overall improvement of technology will lead to higher costs.</td><td>1. Low-carbon technologies lead to an increase in the overall cost.
2. Equipment renewal leads to the overall cost increase.</td></tr>
</table>
</td></tr>
<tr><td>5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.</td><td>
To further evaluate organizational resilience, the following three scenarios were considered to evaluate possible carbon reduction strategies:
● BAU (business as usual): Indicates the worst-case scenario where no change is required.
● 2℃: Based on the simulation scenario developed by the International Energy Agency (IEA) within 2℃ of global warming.
● 1.5℃: Based on the simulation scenario developed by the International Energy Agency (IEA) that the global warming is within 1.5℃. It is the most aggressive carbon reduction target, indicating that it will seek more aggressive carbon reduction practices. Due to the active deployment of low-carbon transformation, higher transformation costs will be invested in the initial stage, but it will have the highest and long-term competitive advantage. More and faster efforts are required to exceed 2℃, and the goal is to achieve net zero emissions by 2050.
<table>
<tr><th rowspan="2">Risk/Opportunity</th><th rowspan="2">Description</th><th colspan="3">Risk and opportunity assessment under different scenarios</th></tr>
<tr><th>2℃</th><th>1.5℃</th><th>Implications for Co-Tech Development</th></tr>
<tr><td>Risks</td><td>Rising raw material costs</td><td>Cost increase: ++</td><td>Cost increase: ++</td><td>Changes in the increase in costs under different scenarios may not be significant</td></tr>
<tr><td>Risks</td><td>Extreme weather events such as hurricanes and floods Increased severity</td><td>Cost increase: +</td><td>Cost increase: +</td><td>Changes in the increase in costs under different scenarios may not be significant</td></tr>
<tr><td>Risks</td><td>Sea level rise</td><td>Cost increase: ++</td><td>Cost increase: +</td><td>Changes in the increase in costs under different scenarios may not be significant</td></tr>
<tr><td>Opportunity</td><td>Accelerate corporate carbon reduction and strive for carbon credit amount</td><td>Cost increase: +++
Increase in revenue: ++</td><td>Cost increase: ++
Increase in revenue: ++</td><td>Costs increase as climate action grows, but the long-term benefits are greater.</td></tr>
<tr><td>Opportunity</td><td>Slow down the expansion of production capacity and improve the business structure</td><td>Cost increase: ++
Increase in revenue: +</td><td>Cost increase: ++
Increase in revenue: +</td><td>Changes in the increase in costs under different scenarios may not be significant</td></tr>
<tr><td>Opportunity</td><td>Promote the development of the green energy industry, enhance corporate energy saving</td><td>Cost increase: +++
Increase in revenue: ++</td><td>Cost increase: ++
Increase in revenue: ++</td><td>Costs increase as climate change accelerates, but long-term benefits are greater.</td></tr>
</table>
</td></tr>
</table>

Item	Implementation
	Explanation of impact scope: +++High impact, ++medium impact; +Small impact
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	None
7. If the internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	None
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 carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, it should be explained of the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs) for which they are exchanged.	None
9. Greenhouse gas inventories and assurance (indicated separately in 1-1 and 1-2).	As follows

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 Greenhouse Gas Inventory Information: Describe the greenhouse gas emission volume (metric tons CO2e), intensity (metric tons CO2e/NTD million), and data coverage for the most recent two years.

Year of inventory	2022	2023
Total Discharge	112,760.03	104,494.73
Scope 1	1,912.86	3,062.31
Scope 2	110,847.16	101,432.42
Emission intensity (tons CO2e/NTD million)	15.2	16.9

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 Standard-ization (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.

1-1-2 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.

Full disclosure of assurance information in the Sustainability Report

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 of greenhouse gas opinion by the date of publication of the annual report, it is necessary to indicate "complete 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 will 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 assurance institutions for sustainability reports.

Note 3: For the disclosure contents, please refer to the Corporate Governance Center section of the Taiwan Stock Exchange website for sample template of best practice.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans: Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

None

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 inventory is completed based on the boundaries of the consolidated financial statements. For example, according to Article 10, paragraph 2 of the standards, companies with capital over NTD 10 billion should complete the review of the 2024 consolidated financial statements in 2025. Therefore, the base year is 2024. If the Company has completed the 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: For the disclosure contents, please refer to the Corporate Governance Center section of the Taiwan Stock Exchange website for sample template of best practice.

(VII) The State of the Company’S Performance in the Area of Ethical Corporate Management, Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies, and the Reason for Any Such Variance:

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary	
I. Establishment of the ethical corporate management policy and programs (I) Does the Company establish an ethical corporate management policy that the Board of Directors approved and document such policy and procedure, as well as ensuring the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	v		(I) The Company has established the “Ethical Corporate Management Best-Practice Principles” and the “Code of Ethical Conduct” and implemented such pursuant to the relevant regulations. Please refer to the Company’s website (http://www.co-tech.com).	No deviation
(II) Has the company established a risk assessment mechanism against unethical conducts, analyzed and assessed business activities within their business scope on a regular basis that are at a higher risk of being involved in unethical conducts, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	v		(II) The Company’s internal website places “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct” for employees to inquire any time. For new employees, the orientations will especially strengthen the promotion and training to understand the Company’s emphasis on ethical conduct.	No deviation
(III) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?	v		(III) If the relevant code of ethical conduct is violated, disciplinary action will be taken according to the Company’s rewards and punishments guidelines.	No deviation

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary	
II. Implementation of ethical management (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	v		(I)The Company has established the "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" and implemented such pursuant to the relevant regulations. Please refer to the Company's website (http://www.co-tech.com). The Company requires the stakeholders who have business relationships with the Company, such as suppliers and contractors, to observe the same ethical standards as the Company's employees.	No deviation
(II) Does the Company task a unit that reports directly to the Board of Directors and promotes ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy and the supervision of measures for prevention of unethical conduct?	v		(II) The President's Office is the unit to promote ethical corporate management. The Audit Office is responsible for supervising the implementation and reporting to the Board of Directors from time to time.	No deviation
(III) Does the Company have any policy that prevents conflict of interest and channels that facilitate the report of conflicting interests?	v		(III) The Company has a policy to prevent conflicts of interest in place and provides operation status of appropriate statement channels. When there are conflicts of interest in various proposals in board meetings, recusals are conducted, and directors do not participate in the discussion and voting by leaving the meeting.	No deviation
(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Do internal or external auditors review these systems on a regular basis?	v		(IV) The Company pays attention to ensuring the correctness and completeness of the financial reporting process and control. The internal audit is conducted based on the annual audit plan drawn up	No deviation

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			by the risk assessment results, and an audit report is prepared and submitted to the Board of Directors.	
(V) Does the Company conduct internal and external ethical training programs on a regular basis?		v	(V) The Company does not regularly organize "ethical corporate management" training, but it will occasionally promote the importance of ethics in meetings.	Inconsistent yet.
III. Implementation of whistle-blowing system (I) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice?	v		(I) The Company sets up the internal and external complaint communication channels on the website for employees and related personnel to report and complain, and the Company's designated management will handle it in person. Violation of the relevant code of ethical conduct will result in disciplinary action according to the Company's reward and punishment measures. (http://www.co-tech.com/smarteditupfiles/gauss/com_profile/225.pdf)	No deviation
(II) Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	v		(II) The Company has formulated the "Code of Ethical Conducts," the "Ethical Corporate Management Best Practice Principles," and the "Management Guidelines for the Prevention and Control of Sexual Harassment in the Workplace." The Company keeps the reported matters absolutely confidential.	No deviation
(III) Does the company take measures to protect the reporter from improper treatment?	v		(III) The Company keeps the reported matters absolutely confidential and protects the informant from being	No deviation

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>improperly treated due to the report.</td><td></td></tr>
<tr><td>IV. Enhanced Information Disclosure
Has the Company published information relating to the Company’s “Code of Business Conduct” on its website or MOPS?</td><td>v</td><td></td><td>The relevant regulations and information of the ethical corporate management are placed on the internal website of the Company for employees to inquire any time; the “Code of Ethical Management” is also placed on the Company’s internal website to remind employees of their own conducts and ethics all the time.</td><td>No deviation</td></tr>
<tr><td colspan="5">V. For companies who have established corporate responsibility code of conducts in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies”, please describe the current practice and any deviations from the code of conduct:
The Company has established the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conducts. All employees, managerial officers and board members comply with such regulations without deviation.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the Company’s corporate conduct and ethics compliance practices: (e.g., amendments to the Company’s corporate conduct and ethics policy): None.</td></tr>
</table>

Note 1: Regardless of “Yes” or “No” checked for the operation, summaries shall be provided in the column.

(VIII) Methods to Inquire the Disclosure of the Company'S Corporate Governance Principles, If Any:

For the information disclosure on the Company's website, there is an "Investor Section—Corporate Governance" for inquiries and downloads of relevant regulations, important resolutions of the Board of Directors, and the Procedures for Handling Material Internal Information. The website is http://www.co-tech .com, or refer to MOPS at http://mops.twse.com.tw/- Corporate Governance.

(IX) Other Information That Facilitates the Understanding of the Company'S Corporate Governance Should Also Be Disclosed: None.

(X) Internal Control System Execution Status

1. Statement of Internal Control System

CO-TECH DEVELOPMENT CORP.

Internal Control System Statement

Date: February 23, 2024

For the Company's Internal Control System of 2023, based on the results of self-assessment, the following is hereby declared:

I. The Company acknowledges and understands that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Company's board and managerial officers and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance and protecting the security of assets), reliability, timeliness, transparency and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations and bylaws are achieved.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes in the environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether or not the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.

IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the results of examination, the Company believes that the design and implementation of its internal control system dated December 31, 2023 (including supervising and managing its subsidiaries), consisting of the effectiveness and efficiency of business operations, the preparation of reliable, timely and transparent financial statements and their compliance with the relevant rules and regulations, are effective and reasonably assure the achievement of the aforementioned goals.

VI. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32,171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Company's Board of Directors on February 23, 2024. Among the ten directors present, all agreed to the content of this statement and hereby declaration.

Chairman: Raymond Soong
President: Lee Shih-Shen

(2) For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

(XI) For the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, Disclose Any Sanctions Imposed in Accordance With the Law Upon the Company or Its Internal Personnel, Any Sanctions Imposed by the Company Upon Its Internal Personnel for Violations of Internal Control System Provisions, Principal Deficiencies, and the State of Any Efforts to Make Improvements: None.: None.

(XII) Material Resolutions of the Shareholders' Meeting and the Board Meetings:

1. **Material resolutions of board meetings**

February 29, 2024

Meeting	Date	Material Resolutions
9th term 4th Meeting	2023.02.24	1. Co-Tech Development's 2022 "Internal Control System Statement," please deliberate. 2. Proposal to amend certain provisions of the "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles", please deliberate. 3. Approvals from banks for loan extensions, please deliberate. 4. Proposal of 2022 distributing remuneration of employees and directors, please deliberate. 5. 2022 consolidated and parent-company only financial statements, please deliberate. 6. Proposal for 2023 budgets, please approve. 7. Proposal for establishing the date, time, venue and proposals and proposal period, and meeting format of the 2023 General Shareholders' Meeting, please deliberate.
9th term 5th Meeting	2023.05.05	1. Approvals from banks for loan extensions, please deliberate. 2. Proposal for 2022 earnings distribution, please deliberate. 3. The 2022 business report, please deliberate. 4. The new "Regulations Governing the Review of Pre-approval of Services Provided by CPAs." 5. The 2023 Q1 consolidated financial statements of the Company.
9th term 6th Meeting	2023.08.11	1. Approvals from banks for loans. Please deliberate. 2. Amendment to the "Table of Approving Authority." 3. Establishment of the "Procedures for Compilation and Verification of Sustainability Report". 4. Amendments to the "Regulations Governing Finance and Business Matters Between the Related Parties of Corporations and Limited Companies by Shares". 5. The 2023 Q2 consolidated financial statements of the Company.
9th term 7th Meeting	2023.11.10	1. The 2024 annual audit plan, please deliberate. 2. Approvals from banks for loans. Please deliberate. 3. The Company's Authorization for Investment and Disposal of Domestic Funds. 4. The 2023 Q3 consolidated financial statements of the Company.
9th term 8th Meeting	2024.02.23	1. Co-Tech Development's 2023 "Internal Control System Statement," please deliberate. 2. Amendment of some clauses of "Sales Cycle". 3. Proposal of 2023 distributing remuneration of employees and directors, please deliberate. 4. 2023 consolidated and parent-company only financial statements, please deliberate. 5. Proposal for 2024 budgets, please approve. 6. Appointment of Head of Marketing Center, please deliberate. 7. Proposal for establishing the date, time, venue and proposals and proposal period, and meeting format of the 2024 General Shareholders' Meeting, please deliberate.

2. Material resolutions of the 2023 shareholders' meeting.

The Company held the 2023 general shareholders' meeting on June 19, 2023, at the International Convention Center, LITE-ON Technology Building, Ground floor, No. 392, Ruiguang Rd., Neihu District, Taipei City. The material resolutions and implementations are as follows:

Item	Material resolutions	Implementation
1	Recognition of the 2022 business report and financial statements	The favorite votes exceed the statutory quorum, and the proposal was approved as it was.
2	Acknowledgment of 2022 earnings distribution	The favorite votes exceed the statutory quorum, and the proposal was approved as it was. Implementation: The distribution base date was determined as of July 15, 2023, and the distribution date was August 8, 2023. The distribution was NT$2.5 per share in cash (i.e. NT$2.5 was distributed from EPS)

(XIII) Where, During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report, a Director or Supervisor Has Expressed a Dissenting Opinion With Respect to a Material Resolution Passed By the Board of Directors, and Said Dissenting Opinion Has Been Recorded or Prepared As a Written Declaration, Disclose the Principal Content Thereof: None

(XIV) Summary of Resignations and Dismissals, During the Last Fiscal Year and As of the Printing Date of the Annual Report, of the Company'S Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer, and R&D Officer: None.

Aggregated Table for the Resignation/Discharge of the Related Personnel

February 29, 2024

Position	Name	Date of Inauguration	Date of Discharge	Reason of Resignation or Discharge

Note: The "related personnel" refer to the Chairman, President, Accounting Officer, Financial Officer, Internal Audit Officer, Corporate Governance Officer and R&D Officer.

IV. Information of CPAs' Professional Service Fees

Unit: NT$ thousand

Name of Accounting Firm	Name of CPA		Audit period by the CPAs	Fees for Audit	Non-audit fee	Total	Remark
Deloitte & Touche	Chang Ching-Fu	Chao Yung-Hsiang	January 1 to December 31, 2023	3,200	152	3,352	Non-audit fees are mainly for tax compliance audits/audit travel fees/typing and printing of financial reports, etc.

Please describe the services covered by non-audit fees (e.g. tax compliance audit, assurance or other financial advisory and consultation services)

Note: During the year, if the accounting firm or any CPA is replaced, the audit periods shall be listed respectively, and indicate the reason for replacement in the remark. The audit and non-audit fees paid shall be disclosed sequentially. For non-audit fees, describe the services received.

(I) When non-audit fees paid to the CPAs, to the accounting firm of the CPAs, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: None.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

V. CPA Replacement Information (the most recent two years)

(I) Information on the Former CPAs: N/A.

<table>
<tr><td>Date of Replacement</td><td colspan="4"></td></tr>
<tr><td>Reason for Replacement and Description</td><td colspan="4"></td></tr>
<tr><td rowspan="3">Specify whether the CPA is ending the engagement or declining further engagement, or the Company is terminating or discontinuing the engagement.</td><td colspan="2">The CPA / Situation</td><td>Certified Public Accountant</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntarily terminated the engagement.</td><td></td><td></td></tr>
<tr><td colspan="2">Declined (discontinue) the engagement</td><td></td><td></td></tr>
<tr><td>The Opinions other than unmodified Opinion issued in the last two years and the reasons for the said opinions</td><td colspan="4"></td></tr>
<tr><td rowspan="7">Is there any disagreement in opinion with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Supplementary Disclosure (Things to be disclosed in Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="4"></td></tr>
</table>

(II) Information on the Successor CPAs: N/A.

Name of Accounting Firm	
Name of CPA	
Date of Engagement	
Prior to the engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report.	
Written opinions from the successor CPAs that are different from the former CPA's opinion	

(III) The reply of the former CPAs regarding Article 10, Subparagraph 6 Item 1 and 2-3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: not applicable.

VI. Where the Company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position At the Accounting Firm of Its CPAs or At an Affiliated Enterprise of Such Accounting Firm: None..

VII. In Most Recent Year and as of the end of this Annual Report is Printed out, the Directors, Supervisors, Managers and Shareholders Holding more than 10% of the Equity Transfer and Equity Pledge Changes

(I) Changes in Shareholdings of Directors, Supervisors, Managers, and Major Shareholders:

Title (Note 1)	Name	2023		Current year as of February 29, 2024	
		Number of Shares Held Increased (decreased)	Pledged Shares Increased (decreased)	Number of Shares Held Increased (decreased)	Pledged shAres Increased (decreased)
Chairman	Dasong Investment Co.,Ltd. Representative: Raymond Soong	0 0	0 0	0 0	0 0
Director	Hua Eng Wire & Cable Co., Ltd.. Representative: Liu Hsiu-Mei	0 0	0 0	0 0	0 0
Director	Chan Chi-Che	0	0	0	1,000,000
Director	Soong Ming-Feng	0	0	0	0
Director	Yu Ming-Chang	0	0	0	0
Director	Tsai Hsung-Hsiung	0	0	0	0
Director、President and Spokesperson	Lee Shih-Shen	0	0	0	0
Independent Director	Sun Chin-Su	0	0	0	0
Independent Director	George Chen	0	0	0	0
Independent Director	Hsieh Fa-Jung	0	0	0	0
Marketing Center Vice President	Chuang Chun-Han	0	0	0	0

Title (Note 1)	Name	2023		Current year as of February 29, 2024	
		Number of Shares Held Increased (decreased)	Pledged Shares Increased (decreased)	Number of Shares Held Increased (decreased)	Pledged shAres Increased (decreased)
Special Assistant to President	Ting Tai-Chuan	0	0	0	0
Chief of Division of Product and Process Engineering	Hsu Hong-Wei	0	0	0	0
Marketing Director	Yang Cheng-Ping	0	0	0	0
Chief of Project Division	Lai Hsin-Chung	0	0	0	0
Utility Plant Chief	Lu An-Chuan	0	0	0	0
Head of Finance; Corporate Governance Officer	Yeh Hsueh-Chen	0	0	0	0
Head of Accounting	Kao Hung-Yu	0	0	0	0
Audit Supervisor	Tsai Ren-Hua	0	0	0	0

Note 1: Shareholders with 10% or more of the total shares of the Company shall be indicated as the major shareholders and listed separately.
Note 2: If the counterparts of the share transfer or pledge are related parties, the share transfer information shall be filled in.

(II) Information of Share Transfer: None.

February 29, 2024

Name (Note 1)	Reason of Transfer (Note 2)	Date of Transaction	Counterpart(s) of the Transaction	Relationships Between The Counterparts and the Company, Directors, Supervisors, Managerial Officers, and Shareholders With 10% or More Shareholdings	Shares	Transaction Price

Note 1: Indicate the names of directors, supervisors, managerial officers, and shareholders with 10% or more shareholdings.
Note 2: Indicate it is acquisition or disposal

(III) Information of Equity Pledge:

February 29, 2024

Name (Note 1)	Reason of Pledge Change (Note 2)	Change Date	Counterpart(s) of the Transaction	Relationships Between the Counterparts and the Company, Directors, Supervisors, Managerial Officers, and Shareholders with 10% or More Shareholdings:	Shares	Percentage of Shareholdings	Percentage of Pledge	Pledge (Redemption) Amount
Chan Chi-Che	Pledged	2023.03.16	Yuantr Commercial Bank	None	1,000,000 shares	1.46%	27.05%	–

Note 1: Indicate the names of directors, supervisors, managerial officers, and shareholders with 10% or more shareholdings.
Note 2: Indicate it is pledge or redemption.

VIII. Relationships of the Top Ten Shareholders Who Have a Relationship With Each Other or Are Relatives of A Spouse or A Second- Degree Kinship

Unit: shares; % July 15, 2023

Name (Note 1)	Shares Held by One'S Self		Shares Held By Spouse and Children of Minor Age		Shares Held by Assuming the Name of Others		Names and Relationships of the Top Ten Shareholders Who Have a Relationship With Each Other or Are Relatives of a Spouse or a Second-Degree Kinship. (Note 3)		Remarks
	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Name	Relationship	
Raymond Soong	13,812,998	5.47%	0	0.00%	0	0%	Dasong Investment Co.,Ltd.	Director	
Dasong Investment Co.,Ltd.	12,497,270	4.95%	0	0.00%	0	0.00%	Raymond Soong	Director	
Representative: Raymond Soong	13,812,998	5.47%	0	0.00%	0	0.00%	Dasong Investment Co.,Ltd.	Director	
Hua Eng Wire & Cable Co., Ltd..	7,812,375	3.09%	0	0.00%	0	0.00%	None	None	
Representative: Liu Hsiu-Mei	0	0.00%	0	0.00%	0	0.00%			
Chan Chi-Che	3,696,000	1.46%	0	0.00%	0	0.00%	None	Director	
Kwong Lung Enterprise Co.,Ltd.	3,000,000	1.19%	0	0.00%	0	0.00%	Chan Chi-Che	Brothers	No representative is appointed by these institutional shareholders.
Representative: Chan He-Po	0	0.00%	0	0.00%	0	0.00%			
Bank Taiwan Life Insurance.	2,855,000	1.13%	0	0.00%	0	0.00%	None	None	No representative is appointed by these institutional shareholders.
Taishin Life Discretionary Share Investment Account with Prudential Trust	2,347,000	0.94%	0	0.00%	0	0.00%	None	None	No representative is appointed by these institutional shareholders.
Taipei Fubon Commercial Bank Co., Ltd. in custody for Fuh Hwa Taiwan Technology Dividend Highlight ETF	2,370,000	0.94%	0	0.00%	0	0.00%	None	None	No representative is appointed by these institutional shareholders.
Dedicated account for investment in Vanguard Emerging Markets Fund under the custody of Chase	2,185,000	0.87%	0	0.00%	0	0.00%	None	None	No representative is appointed by these institutional shareholders.

Name (Note 1)	Shares Held by One’S Self		Shares Held By Spouse and Children of Minor Age		Shares Held by Assuming the Name of Others		Names and Relationships of the Top Ten Shareholders Who Have a Relationship With Each Other or Are Relatives of a Spouse or a Second-Degree Kinship. (Note 3)		Remarks
	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Shares	Percentage of shareholdings	Name	Relationship	
Dedicated account for investment by JP Morgan under the custody of Chase	2,134,000	0.84%	0	0.00%	0	0.00%	None	None	No representative is appointed by these institutional shareholders.

Note 1: All the top ten shareholders should be listed. Those who are legal person shareholders should list the name of the legal person shareholder and the name of the representative separately.
Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, the spouse, the minor child or the use of another person.
Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

IX. The Number of Shares Held by the Company, the Company’s Directors, Supervisors, Managers and the Company Directly or Indirectly Controlled by the Company in the Same Investment Business and Combined to Calculate the Total Shareholding Percentage

Unit: thousand shares; % February 29, 2024

Investee (Note)	Investment by the Company		Directors, Supervisors, Managerial Officers and Investments Directly or Indirectly Controlling the Business		Total Investments	
	Shares	Percentage of Shareholdings	Shares	Percentage of Shareholdings	Shares	Percentage of Shareholdings
CO-Tech Copper Foil(BVI) Inc.	3,500	100%	0	0%	3,500	100%
Co-Tech Copper Foil Shanghai Trade Ltd	-	100%	-	0%	-	100%

Note: It is a long-term investment accounted for using equity method by the Company.

Four. Capital Overview
I. Source of Capital and Shares
(I) Source of Share Capital

Unit: shares; NT$ February 29, 2024

Month/Year	Issuance Price	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares Paid with Properties Other Than Cash	Others
1998.05	10	200,000,000	2,000,000,000	100,000,000	1,000,000,000	Establishment	None	Note 6
2001.03	30			54,000,000	540,000,000	Increased in cash	None	Note 7
2003.09	10			30,000,000	300,000,000	Increased in cash	None	Note 8
2005.12	9			16,000,000	160,000,000	Increased in cash	None	Note 9
2006.07	10	300,000,000	3,000,000,000	0	0	None	None	Note 10
2010.10	21			11,700,000	117,000,000	Increased in cash	None	Note11
2015.3	-			Cancellation of treasury shares for 1,112,000	Cancellation of treasury shares for 11,120,000	Capital decrease	None	Note12
2017.10	47.8			42,000,000	420,000,000	Increased in cash	None	Note13

Note 1: The information up to the publication date of the annual report of the year shall be filled in
Note 2: For the capital increase, the effective (approval) date the document number shall be indicated.
Note 3: In case the shares were issued with discounted face value, the indication shall be eye-catching.
Note 4: If shares were paid with monetary credit or technologies, such payment shall be specified with the type of payment and amount.
Note 5: In case of private placement, the indication shall be eye-catching.
Note 6: Date and document No. of approval: Jing-87-Shang No.110958, dated May 22, 1998.
Note 7: Date and document No. of registration change: Jing (090) Shang No.090011061770, dated March 30, 2011.
Note 8: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09201272330, dated September 19, 2003.
Note 9: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09401255400, dated December 14, 2005, with the discounted issuance price of NT$9 per share.
Note 10: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09501140400, dated July 6, 2006.
Note 11: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.09901225860, dated October 8, 2010.
Note 12: Date and document No. of registration change: Jing-Shou-Shang-Zhi No. 0401042410, dated March 11, 2015.
Note 13: Date and document No. of registration change: Jing-Shou-Shang-Zhi No.10601141120, dated October 5, 2017.

Unit: shares; % February 29, 2024

Share types	Approved Share Capital			Remarks
	Outstanding shares (note)	Number of Shares Unissued	Total	
Registered common shares	252,588,000	47,412,000	300,000,000	TPEx-listed shares

Note: Please indicate the shares are listed in TWSE or TPEx (if the trading in TWSE or TPEx is restricted, please indicated).

Information on Shelf Registration System

Type of Negotiable Securities	Amount Expected to Issue		Issued Amount		The Purpose and Expected Effect of the Issued Part	The Expected Issuance Period of the Unissued Part	Remark
	Total Shares	Approved Amount	Shares	Price			
None	0	0	0	0	0	0	0

(II) Shareholder Structure

July 15, 2023

Shareholder structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individual	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	10	252	60,646	126	61,034
Number of Shares Held	0	7,834,094	36,319,517	192,599,640	15,834,749	252,588,000
Percentage of Shareholdings	0.00%	3.10%	14.38%	76.25%	6.27%	100.00%

Note: Primary exchange (or OTC) listed companies shall and emerging companies shall disclose the shareholdings by Mainland Area enterprises; "Mainland Area enterprises" means person, a juristic person, group, or other institution of the Mainland Area, or a company in which the same has invested in a third jurisdiction in accordance with Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

(III) Diffusion of Ownership

Common Shares

July 15, 2023

Shareholding Tiers	Number of Shareholders	Number of Shares Held	Shareholding Percentage %
1-999	18,527	781,847	0.31%
1,000-5,000	36,133	69,181,587	27.38%
5,001-10,000	3.821	31,076,480	12.30%
10,001-15,000	933	12,194,622	4.83%
15,001-20,000	610	11,439,281	4.53%
20,001-30,000	375	9,739,838	3.86%
30,001-40,000	181	6,593,786	2.61%
40,001-50,000	116	5,457,457	2.16%
50,001-100,000	204	14,657,641	5.80%
100,001-200,000	70	10,356,062	4.10%
200,001-400,000	31	8,553,894	3.39%
400,001-600,000	6	3,151,605	1.25%
600,001-800,000	8	5,604,801	2.22%
800,001-1,000,000	3	2,828,000	1.12%
1,000,001 股以上	16	60,971,099	24.14%
Total	61,034	252,588,000	100.00%

Preferred Shares

July 15, 2023

Shareholding Tiers	Number of Shareholders	Number Of Shares Held	Percentage of Shareholdings
0	0	0	0.00%

(IV) List of Major Shareholders: List All Shareholders With a Stake of 5 Percent or Greater, and If Those Are Fewer Than 10 Shareholders, Also List All Shareholders Who Rank in the Top 10 in Shareholding Percentage

July 15, 2023

Shares / Name of Major Shareholder	Number of Shares Held	Percentage of Shareholdings
Raymond Soong	13,812,998	5.47%
Dasong Investment Co., Ltd.	12,497,270	4.95%
Hua Eng Wire & Cable Co., Ltd..	7,812,375	3.09%
Chan Chi-Che	3,696,000	1.46%
Kwong Lung Enterprise Co., Ltd.	3,000,000	1.19%
Taiwan Fire & Marine Insurance Co., Ltd.	2,855,000	1.13%
Taishin Life Discretionary Share Investment Account with Prudential Trust	2,374,000	0.94%
Taipei Fubon Commercial Bank Co., Ltd. in custody for Fuh Hwa Taiwan Technology Dividend Highlight ETF	2,370,000	0.94%
Dedicated account for investment in Vanguard Emerging Markets Fund under the custody of Chase	2,185,000	0.87%
Advanced Starlight Aggregate International Stock Index under the custody of Chase	2,134,000	0.84%

(V) Share Prices For the Past 2 Fiscal Years, Together With the Company'S Net Worth Per Share, Earnings Per Share, Dividends Per Share, and Related Information

Unit: thousand shares; NT$

Item		Year	2022	2023	Current Year As Of February 29, 2024 (Note 8)
Market price per share (Note 1)	Highest		78.4	72.6	63.5
	Lowest		34.75	50	57.4
	Average		53.65	63.86	60.72
Net worth per share (Note 2)	Before distribution		24.09	23.69	(Note 10)
	After distribution		21.59	(Note 9)	(Note 10)
Earnings per Share	Weighted average amount of shares		252,588	252,588	(Note 10)
	Earnings per share (Note 3)		3.83	2.11	(Note 10)
Dividends per share	Cash dividends		2.5	(Note 9)	(Note 10)
	Bonus share	Shares from earnings	0	(Note 9)	(Note 10)
		Shares from capital reserve	0	(Note 9)	(Note 10)
	Accumulated unpaid dividends (Note 4)		0	0	(Note 10)
Analysis of ROI	Price earnings ratios (Note 5)		14.2	29.13	(Note 10)
	Price to dividend ratio (Note 6)		21.76	(Note 9)	(Note 10)
	Dividend Yield (Note 7)		0.05	(Note 9)	(Note10)

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution

Note 1: Setting forth the highest and lowest market price per share of common shares for each fiscal year and calculate each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: Based on the issued shares at the end of the year, setting forth the distribution resolved by the Board of Directors or AGM in the following year.

Note 3: In case retrospective adjustment is required due to bonus shares, the EPS before and after adjustment shall be set forth.

Note 4: In the issuance conditions, if it is specified that the undistributed dividends of the year may be accumulated until being distributed in the year with earning, the accumulated unpaid dividends shall be disclosed respectively.

Note 5: Price earnings ratios= Average closing price per share of the year/ EPS

Note 6: Price dividend ratios= Average closing price per share of the year/ cash dividend per share

Note 7: Cash dividend yield= Cash dividend per share/average closing price per share of the year

Note 8: For the net worth per share and EPS, the latest information audited (reviewed) by the CPAs shall be filled in; other columns shall be filled in with the current year information up to the publication date of the annual report.

Note 9: The distribution of earnings for 2023 has not been resolved by the shareholders' meeting.

Note 10: Financial information for the first quarter of 2024 has not been reviewed by CPAs as of the publication date of the annual report.

(VI) Company’S Dividend Policy and Implementation Thereof

1. Dividend policy

If there is any after-tax profit in the Company’s annual financial statements, the Company shall first make up for the accumulated deficit (including adjustment of undistributed earnings) and then set aside 10% as legal reserve, but if the legal reserve has reached the Company’s paid-in capital, it may not be set aside, and the remainder shall be set aside or reversed to special reserve as required by law or the competent authorities’ requirements. If there is any unappropriated earnings remaining (including adjustments to the unappropriated earnings), the board of directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders’ meeting for resolution on the distribution of dividends to shareholders.

The Company’s dividend policy is in line with its current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders, etc. The dividend policy will be determined annually based on capital requirements and the degree of dilution of earnings per share. Dividends are paid in the form of stock dividends or cash dividends; dividends to shareholders may be paid in cash or in stock, with cash dividends being no less than 10% of the total dividends.

If the Company has no distributable earnings for the current year, or if the amount of distributable earnings is significantly less than the actual earnings distributed in the previous year, or if the Company considers the financial, business and operational factors, the Company may distribute all or part of the earnings as required by law or by the competent authority.

2. Dividend distribution to be proposed to the shareholders’ meeting

The Board approved the Company’s earnings distribution of Directors on May 5, 2023. It is proposed to distribute a cash dividend of NT$2.5 per share (earnings distribution of NT$2.5 per share). If any subsequent changes in common shares affect the number of outstanding shares, and the shareholder’s dividend rate is consequently changed, the Company plans to request the shareholders’ meeting to authorize the Chairman to adjust pursuant to laws.

3. Expected significant changes to dividend policy and explanation: None.

(VII) Impact of Proposed Bonus Shares on Operating Performance and EPS

The expected earnings distribution to the shareholders’ meeting only makes the distributions in cash and no bonus share is involved. Pursuant to the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” the Company is not required to disclose the financial forecast for 2024. Therefore the information related to effects on the business performance, EPS and shareholders’ ROI are not applicable.

(VIII) Compensation of Employees and Directors

1. **The percentages or ranges with respect to employees and directors' compensation, as set forth in the company's articles of incorporation.**

Pursuant to Article 29 of the Articles of Incorporation, the Company shall set aside 1% or more of its annual profit (profit means the pre-tax earnings prior to distribution of employee remuneration and director's remuneration) as employee compensation, which shall be distributed in stock or cash by resolution of the Board of Directors. The target recipients may include employees of control and subordinate companies who meet certain criteria. The conditions and distribution method are authorized to be determined by the Board of Directors. The Company may allocate up to 3% of the above-mentioned profits to the remuneration of directors by resolution of the Board of Directors, and the remuneration of directors may only be paid in cash. However, if the Company still has accumulated deficit (including the amount of adjustment of undistributed earnings), the amount of compensation should be reserved in advance, and then employees' remuneration and directors' remuneration should be appropriated in proportion to the aforementioned amount.

The scope of the employees listed in the preceding paragraph shall be subject to the regulations of the securities authority.

2. **The basis for estimating the amount of employees, directors, and supervisors' compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.**

(1) The basis of the estimated amount of the employees' and directors' compensations for the period: The Company estimated 1.5% and 1% of the net profit before tax and deducting employees' and directors' compensations, for the employees' and directors' compensations, respectively.

(2) The basis of shares to be distributed as employees' compensation: all employees' compensation for the period is distributed in cash.

(3) If there is any discrepancy between that amount and the estimated figure, the accounting treatment: after the release date of the annual consolidated financial reports, if any change to the amount, it is treated as the accounting estimation changes, and the adjustment will be accounted in the next year.

3. **Information on any approval by the board of directors of distribution of compensation:**

(1) The 2023 employees' and directors' compensations were resolved by the Board of Directors on February 23, 2024. The employees' compensation is NT$**10,248** thousand, and directors' compensation is NT$**6,832** thousand. The amount of employees' and directors' compensations approved by the Board of Directors are identical to the estimations in the 2023 financial reports.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year:

(1) Employee cash compensation was NT$18,229 thousand and director compensation was NT$12,153 thousand for 2022.

(2) The actual distribution amount of employee and director compensations were identical to the estimations in the 2022 financial reports.

(IX) Status of a company repurchasing its own shares: None.

II. Issuance of Corporate Bonds

III. Issuance of Preferred Shares

IV. Issuance of Global Depository Receipts

V. Issuance of Employee Share Subscription Warrants and New Restricted Employee Shares: None.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

VII. Implementation of the Company's Capital Allocation Plans: None.

Five. Overview of Business Operations

I. Description of the Business

(I)Scope of Business

1. The company's major lines of business and the relative weight of each

Names of Products	Weight of Business
Electrodeposited Copper Foil	100%

2. Current products:

(1) High frequency and high speed copper foils specific toRG series 3S (Server/Storage/Switch) with the thickness of 12μ~70μ.

(2) Ultra-low ridge VL/PF series high-speed electrolytic copper foil with a thickness of 12μ~35μ.

(3) RF/VF/LH series copper foils specific to high-frequency materials with a thickness of 12μ~35μ.

(4) Low-ridge FC/FL series flexible board electrolytic copper foil with a thickness of 12μ~35μ.

(5) Inverted low-ridge RV series flexible board electrolytic copper foil with a thickness of 9μ~43μ.

(6) Reversal treated RT series high-frequency and high-speed electrolytic copper foil with a thickness of 12μ~105μ.

(7) Low-ridge LP310 series arsenic-free electrolytic copper foil with a thickness of 12μ~140μ.

(8) Low-ridge LP410 series arsenic-free electrolytic copper foil with a thickness of 12μ~35μ.

(II) Overview of the industry

1. The current status and development of the industry:

Printed circuit boards are the main parts of various information electronics, communications, consumer electronics, automotive electronics, industrial control and other industries. In recent years, due to the rise of multimedia and the integration of 3C (computers, communications and consumer electronics), global electronic products continue to introduce new products to replace the old ones, and thus drives future growth. Currently, there is no substitute product for printed circuit boards, and the global demand for printed circuit boards is increasing day by day. As the demand for high-end products for printed circuit boards has been increasing, the specifications and quality requirements for copper foil have also increased significantly.

Since 2016, Co-Tech has been positioned to become a manufacturer and service provider of optimized application of copper foil. It has changed to the “boutique niche market strategy” and focused on the high-end product market, such as high-frequency, high-speed, flexible boards, automotive electronics, and thin copper for HDI, by developing products in response to customer needs. After more than two years of hard work, Co-Tech’s high-frequency and high-speed copper foil successfully passed the certification of major end brand manufacturers and OEM and ODM manufacturers in 2019. Introductions started in the second half of 2020 and products have entered mass production.

As 5G applications and technologies will accompany data computing and storage requirements in 2021. The use of data has shifted from emphasizing scale to emphasizing low latency and high immediacy. With the rise of edge computing and the high cost of 5G spectrum, edge computing among telecom operators has replaced traditional network equipment. It has become the entry point of the server supply chain. The growth of new cloud services will require a large amount of data processing within related AI, 5G network applications, IOT edge computing technology upgrades, and as AR/VR, robots, self-driving cars, and smart home emerging terminal devices increase. These prospects will drive the growth of the demand for base station antenna design, netcom equipment, data centers and servers and then drive the 5G smartphone industry. Due to the current skin effect, the transmission of high-frequency or high-speed signals will be more concentrated on the surface of the wire. The Company has developed its own advanced reversal copper foil (Advanced RTF, RG series); aside from being cost-effective, it improves the electric functions of copper foils, complementing each other with copper foil substrate factories, and achieving high-speed effects for customers. The Company has successively and continuously completed the development of high-frequency and high-speed transmission copper foil products with low signal transmission loss, ultra-low coarseness and high tear resistance. In response to the increasing demand for flexible boards for compact electronic products, the Company completed the development of copper foil for flexible copper clad laminate (FCCL). It improved the Company’s competitiveness and profitability by optimizing the product portfolio.

Due to the optimistic prospect for the 5G market in the future, Co-Tech has started to expand production in early 2021. It is expected to invest about NT$4 billion to build a new plant in Yunlin Industrial Park.

2. **Links between the upstream, midstream, and downstream segments of the industry supply chain:**

Upstream segment	Fiberglass, epoxy resin, copper foil, fiberglass cloth, and PI
Midstream segment	Copper foil substrate, printed circuit board, FCCL, FPCB, BGA carrier board, TAB, and COF
Downstream segment	AIoT, cloud, 5G communication, automotive, medical, wearable, home appliances, and computers

3. **Various development trends of products**

Copper foil products are mainly supplied to:

A. 3S (Server/Storage/Switch) and AI server high frequency and high speed copper foil.
B. Advanced driver assistance systems (ADAS)
C. High-speed copper foil for 5G communication.
D. Microwave communication.
E. Copper foil for flexible boards.
F. Copper foil for high-density connection printed circuit (HDI).
G. Copper foil for LED backlight heat sink.
H. Copper foil for TAB and COF (chip on film) high-end soft boards.
I. Copper foil for solar battery backplane.
J. Copper foil for epoxy resin substrate.
K. Copper foil for back adhesive of paper substrate.

4. **Competition for products:**

With the increasing market demand for emerging application products, such as unmanned vehicles, VR/AR devices, smart speakers, automotive components, car-loaded computers and automotive devices, and the diversified application potential brought by breakthroughs in 5G and AI technologies, the demand for copper foils will be boosted.

As 5G has the characteristics of ultra-high communication speed, high deployment density, and low delay time, the area of printed circuit boards is enlarged, the number of stacked layers increases, and the demand for high-speed copper foil increases. Co-Tech actively deploys high-frequency and high-speed materials such as servers, and new applications such as 5G, and has successfully passed the certifications of many international manufacturers and adopted for production. It is hoped that the benefits of the Company's R&D positioning for copper foils in high-frequency and high-speed transmission and server materials will keep on expanding and add momentum to the Company's operations.

(III) Overview of technologies and R&D

Co-Tech expects to become the "Leader in optimized application of copper foil," and is committed to the development of high-value-added products such as high-frequency, high-speed, microwave communications, and thick copper/thin copper, to meet the needs of end customers and provide customization services and products.

In order to get rid of the Red Sea battle zone of the copper foil industry and jump out of mass production in the past, the Company positions toward the markets for high-end products such as high-frequency, high-speed, automobiles, and automotive electronics. For the new product development, in 2017, the "5G industry high-value materials- ultra-low coarseness copper foil specific to high-frequency" passed the MOEA's Technical Research and Development Project under the Taiwan Industry Innovation Platform Program, affirming this technology.

1. Technologies and products developed or under development:

(1) Copper foil for high frequency PTFE material (RF/VF series).

(2) Copper foil for Hydrocarbon material (LH series).

(3) New products of advanced reversal foil for the 3S (Server/Storage/Switch) Advanced RTF grade (RG series) and products of HVLP3/HVLP4 grade (VL/PF series).

(4) HVLP4 grade (PF series) products for AI Server application.

(5) Copper foil FL series applied to 5G flexible board MPI and LCP.

(6) General flexible board copper foil RV/FL series and copper foils for wireless charging (RC series).

(7) 210 um copper foil used in vehicle, intense current and heat dissipation substrate.

(8) The arsenic-free coarsening treatment technology, meeting the requirements of the environmentally friendly arsenic-free process.

2.The technical direction continues to optimize and reduces the cost of products with market potential:

(1) The copper foil VF series of PTFE materials for high-frequency communication continues to be optimized.

(2) Copper foil for high-frequency MPI and LCP flexible board materials (FL series) continues to be optimized.

(3) The 4th generation Advanced RTF (RG series) for PCIe G6 application continues to be optimized.

(4) The fourth-generation PF series (Rz<0.6um) specific to Ultra-Low loss Ⅱ Prepreg continues to be optimized.

(5) Improve the yield of copper foil specific to Ultra Low loss Ⅱ Prepreg, VL series (Rz<1.0um) and the flexible board RV series to reduce costs.

(6) Optimize second generation RT series copper foil used in High Density Interconnect (HDI) substrate.

(7) Optimize the process formula, improve product quality and reduce costs.

In terms of environmental protection issues, in recent years, in addition to focusing on process improvement and equipment improvement for better product yield and quality, the Company has also fully introduced arsenic-free manufacturing processes in response to green manufacturing processes as the contributions to the global environment.

The Company belongs to the copper foil industry; in addition to formula technology, the Company also has plant pipeline system design and operation technology for smooth mass production of new products and stable quality. Therefore, a technical threshold is formed for the manufacturing process. Compared to the formula, mass production and launch products to the market are actually more critical.

3.R&D expenditures during the most recent fiscal year or the current fiscal year up to the publication date of the annual report

Unit: NT$ thousand

Items \ Year	2023
R&D expenses	35,846
Net operating revenue	6,169,504
R&D expenses as a % of net revenue	1%

Note: As of the print date of the annual report, the consolidated financial statements for 2024 Q1 that have been approved by the Board of Directors and reviewed by CPAs were not available.

(IV) Long-term and short-term operation plans

1. **Short-term plan:**

   Continue to deepen the cooperative relationship with existing customers, optimize the product portfolio, and cooperate with strategic customers to develop new high-frequency and high-speed, AI sever, Any-Layer products to achieve early dominance in the market and increase a win-win situation.

2. **Long-term plan:**

   (1) Co-Tech has started to expand production in early 2021. It is expected to invest about NT$4 billion to build a new plant in Yunlin Industrial Park.

   (2) Establish strategic alliances with major customers to stabilize the source of orders and strengthen competitiveness. Meanwhile, it actively maintains a good interactive relationship with end customers and promotes the new materials developed by the Company from the front end to gain market opportunities.

   (3) Strengthen the recruitment and training of talents, create efficient and cross-functional teams, and expect the Company as the optimized applied copper foil manufacturing and service provider, fully demonstrating the spirit of craftsmanship and maximizing the overall benefits.

II. Market and Sales Overview

(I) Market Analysis

1. **Geographic areas where the main products (services) sold and market shares:**

   The Company's products are mainly sold in Taiwan and Asia and Europe. In response to market changes, the Company strategically adjusted its customer portfolio and the proportion of shipments to stably supply the top three domestic copper foil substrate manufacturers and multilayer printed circuit board manufacturers. Affected by the US-China trade war, some customer orders have returned to Taiwan. Currently, the Company's domestic sales in Taiwan account for about 10-15%, and the export sales to China, Japan, South Korea, Southeast Asia, Europe, and the United States total about 85-90%.

   There are many copper foil manufacturers in Taiwan and China. In 2023, the

Company’s high-speed copper foil shipments accounted for about 40% of the global server share (based on the global server shipment forecast published by Digitimes Research in 2023). Based on the estimated annual production capacity of general electrolytic copper foil for PCBs around the world at 900,000 tons during the same period, the Company’s capacity share is about 2.2%.

2. The demand and supply conditions for the market in the future, the market’s growth potential:

In response to the needs of terminal applications such as automotive, microwave communications, 5G mobile networks, cloud data, and wireless networks, high-frequency and high-speed development is required. The circuit boards that play the role of load components, power supplies, signal transmission, and heat dissipation must reach high-frequency and high-speed Therefore, it is necessary to cooperate with the development of high-frequency materials with “ultra-low roughness copper foil technology.”

Co-Tech proactively deploys high-frequency and high-speed materials such as servers, and new applications such as 5G, and has successfully passed the certifications of many international manufacturers and gradually adopted for production. Benefitted from the increasing demands to 5G base stations, cloud products (servers, data storage, and network switches), Internet of Vehicles, Internet of Things, and smart families, the effects of Co-Tech’s positioning in high-frequency and high-speed areas will continue to emerge.

3. The company’s competitive niche, positive and negative factors for future development, and the company’s response to such factors.

(1) Competitive niches and future development:

A. Product portfolio

(A) Provide a full range of products including Low Profile, Reversal, HVLP and special specifications 9μm, 15μm, 22μm, and 30μm.

(B) The output ratio of the Company’s high-end thin copper foil products (55:45) is better than that of the peers (30:70), effectively creating greater profits.

B. Leading technology

(A) The copper foil application technology for high-frequency communication products leads the industry.

(B) The plants are equipped with continuous experiment machines to control the research and development of technology.

(C) The future development of new products will focus on the sixth-generation RG series and HVLP3 ultra-high-frequency and high-speed Low Dk/Df series copper foils.

C. Cost control

Water recycling achieves more than 90%, with plating solution regeneration, waste copper foil recycling, and automatic production equipment.

D. Management aspect

Possess practical experience in the production management of the petrochemical electroplating industry and the rapid response to the financial and business aspects of the electronics industry, with sensitivity to market fluctuations.

(2) Positive factors

A. The market continues to maintain a 3% to 7% growth rate and is concentrated in Asia.

B. The copper foil industry is a technology- and capital-intensive industry with high barriers to entry.

C. The application of copper foil in printed circuit boards is irreplaceable. This has been the case for the past 30 years, and it will be the same in the future.

D. The demand for high-end thin products continues to increase, which will increase selling prices.

E. The high-frequency and high-speed demand driven by 5G will greatly increase the demand for Advanced RTF and HVLP copper foils.

(3) Negative factors

A. Elevated environmental consciousness and labor shortage.

B. Unstable international copper prices affect the revenue.

C. The expansion of the capacity among the Chinese copper foil plants may cause an imbalance supply-demand in the future.

(4) Response:

A. Establish product development strategies with customers, and strengthen the application of products with special specifications.

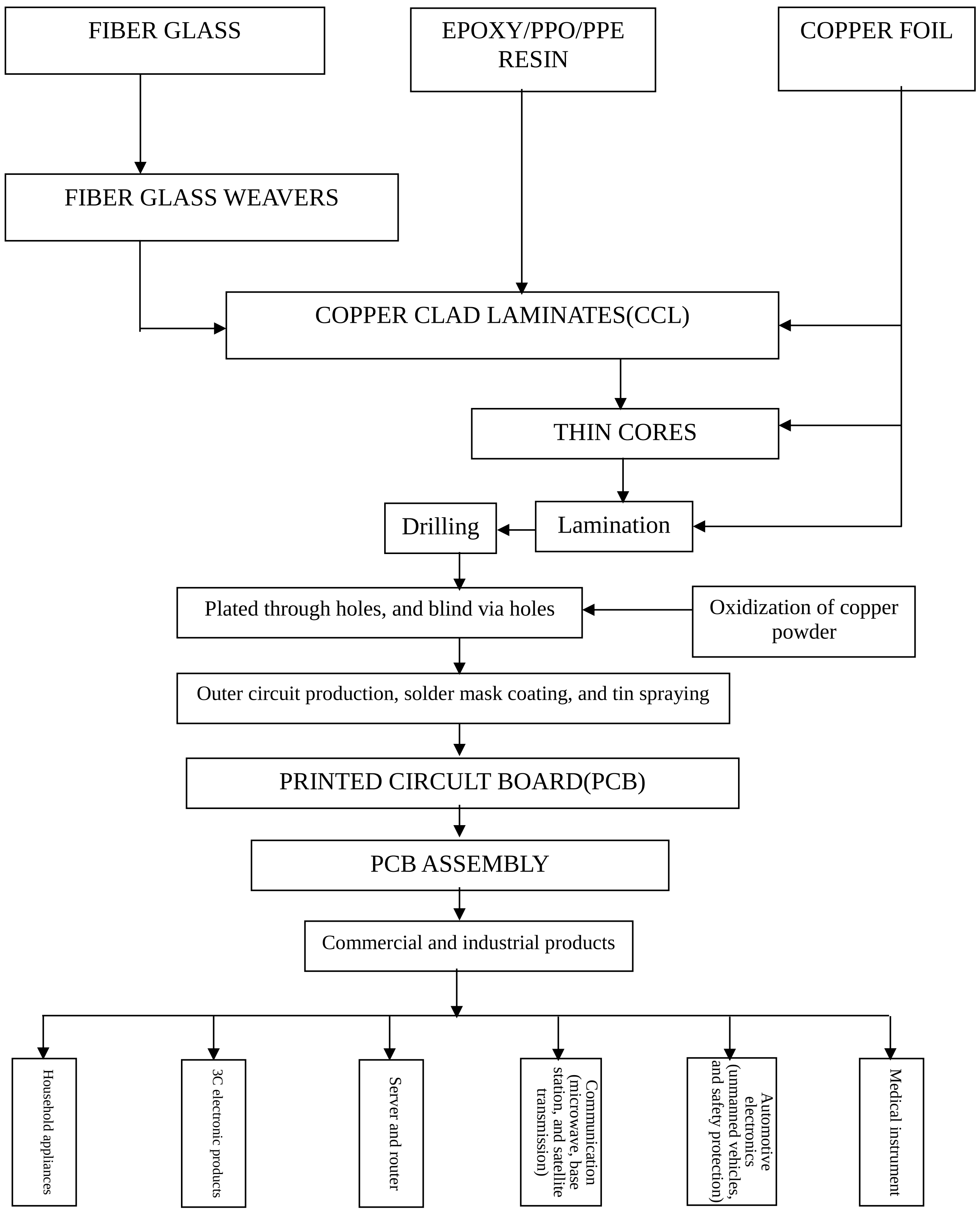
B. Cooperate with domestic and foreign research and development institutions and accommodate the applications of end customers to introduce high-end copper foil technology.

C. Continue to develop high-efficiency and fully automated equipment with equipment manufacturers.

(II) Usage and Manufacturing Processes for the Company's Main Products

1. Usage the Main Products

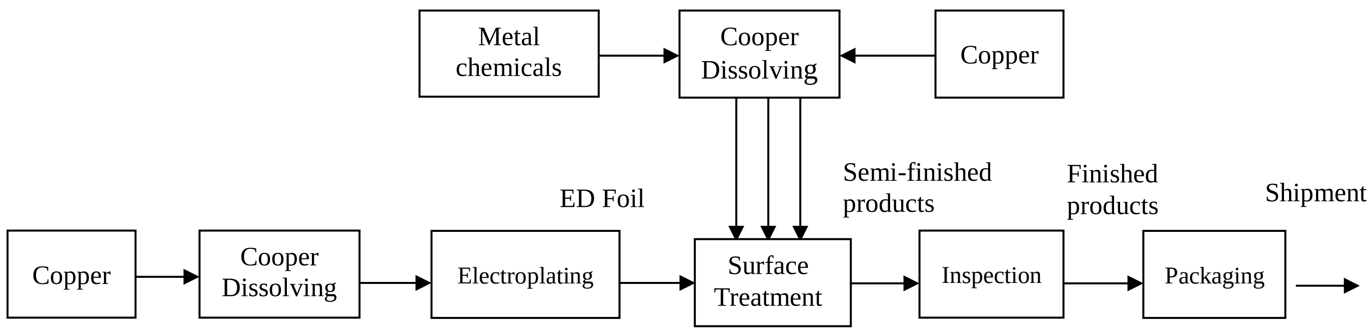
The Company produces only one product: electronic grade copper foil, which is one of the main raw materials for the printed circuit board industry. The connections are as follows:



Electronic information systems and other industries have driven the advent and upsurge of the global information era. Printed circuit boards are the basic parts of various consumer electronics, computers, communications, information electronics, industrial control and medical instrument, and they are also improving the key sections involving high integration and high speed of electronic packaging in these electronic industries. With the continuous growth of the printed circuit board industry, the copper foil industry has also continued to develop multi-layer electrolytic copper foils. Its main purpose is to supply copper foil substrate manufacturers for the production of copper foil substrates to supply printed circuit board manufacturers. Printed circuit board manufacturers to laminate the outer layers of multilayer boards.

2. Manufacturing Processes for the Main Products:

Electrolytic copper foil deposits the electrolytic copper sulfate solution instantaneously on a rolling titanium cylinder with a high current. The copper foil obtained by stripping is subjected to surface treatment and then rolled or cropped to supply the up and downstream circuit board industries. Thicknesses are 9µm, 12µm, 18µm, 35µm, 70µm and above, and may be produced on demand. The manufacturing process is as the following:



(1) Manufacturing of ED foil:

The manufacturing process of ED foil includes three processes, namely dissolving copper wire, manufacturing electrolyte and electrolyzing copper foil, described as follows:

A. Dissolution: Put the copper wire and sulfuric acid in the dissolving tank and blow air to dissolve it into copper sulfate solution. Then, roll it into the storage tank; the dilute solution returned from the electrolytic tank is pumped back to the dissolution tank through the circulating pump.

B. Electrolyte production: the copper sulfate solution is pumped from the storage tank through the
Filter into the top tank by a transfer pump. The additives are added to the top tank at the same time for concentration analysis and adjustment. The solution is then pumped into the raw foil machine after the temperature is adjusted through the top tank and the heat exchanger.

C. Electrolysis: In the raw foil machine, the copper is deposited on the rotating titanium cylinders by the electrolysis process and then peeled off and rolled into a raw foil roll; the electrolyte is circulated and pumped back to the dissolution tank.

(2) Surface treatment

The surface treatment is that the surface of the raw foil undergoes several times copper plating, zinc plating, and chrome plating to strengthen the peel strength, etching, thermal resistance and oxidation resistance of the copper foil. Various electroplating solutions have their own storage tanks to circulate, and the concentration is adjusted in the tank.

(3) Inspection, cropping, packaging and storage/transportation.

(III) Supplies of the Main Materials

Main Materials	Sources of Supplies	Status of Supplies
Scrap Copper Wire	Domestic, Southeast Asia, Northeast Asia, and Europe	Sufficient supply, without shortage of sources of production

(IV) A List of Any Suppliers and Clients Accounting for 10 Percent or More of the Company’S Total Procurement (Sales) Amount in Either of the 2 Most Recent Fiscal Years, the Amounts Bought from (Sold To) Each, the Percentage of Total Procurement (Sales) Accounted for by Each, and an Explanation of the Reason for Increases or Decreases in the Above Figures.

1. Main suppliers in the 2 most recent fiscal years

Unit: NT$ thousand

	2022				2023			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relationship to the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship to the issuer
1	K1786	1,440,496	30	None	K1786	1,896,569	45	None
2	K1822	1,428,934	30	None	K1822	1,421,358	34	None
3	K3443	647,284	13	None				
4	K230	580,710	12	None				
	Others	745,101	15		Others	886,147	21	
	Net purchase	4,842,525	100		Net purchase	4,204,074	100	

Note 1: List the names, purchase amount and percentage of the suppliers from whom 20% or more of total purchase amounts are made; if the name of supplier cannot be disclosed due to contractual agreement, or the counterpart is a non-related individual, codes may be used.

Note 2:: Reason for increase or decrease The reason why the % of net K3443& K230 purchases in 2023 was less than 10% is that the Company reduced its purchases from this supplier because the supplier’s products were not superior.

2. **Main customers in the 2 most recent fiscal years**

Unit: NT$ thousand

	2022				2023			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relations with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship to the issuer
1	D0079	1,406,451	19	None	D0079	1,125,947	18	None
	Others	6,001,003	81		Others	5,043,557	82	
	Net sales	7,407,454	100		Net sales	6,169,504	100	

Note 1: List the names, purchase amount and percentage of the customers to whom 20% or more of total sales amounts are made; if the customer's name cannot be disclosed due to contractual agreement, or the counterpart is a non-related individual, codes may be used.

Note 2: Reason for increase or decrease: The decrease in net sales of D0079 in 2023 was mainly due to the decrease in demand.

(V) Production Volume and Value in the Last Two Years

Unit: ton/thousand pieces; NT$ thousand

Year / Production Volume and Value / Main Product (or by segment)	2022		2023	
	Production Volume	Production Value	Production Volume	Production Value
Copper Foil	18,143	6,194,746	16,016	5,571,656

Note 1: Capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measuring necessary shutdowns, holidays and other factors.
Note 2: If the production of each product is substitutable, the capacity may be calculated together, and an explanation shall be attached.

(VI) Sales Volume and Value in the Last Two Years

Unit: ton/thousand pieces; NT$ thousand

Year / Sales Volume and Value / Main Product (or by segment)	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Copper Foil	1,713	714,632	16,016	6,692,822	2,091	894,212	13,198	5,275,292

III. The Information of Employees for the 2 Most Recent Fiscal Years

Year		2022	2023	Current year as of February 29, 2024
Number of employees	Managers	10	9	10
	General employees	112	116	115
	Production lines employees	204	185	186
	Total	326	310	311
Average age		41.5	41.63	41.77
Average years of service		12.37	12.88	13.06
Educational background distribution	Master’s degree or above	8.02%	8.63%	8.74%
	College	52.10%	60.7%	60.19%
	Below senior high school	39.88%	30.67%	31.07%

Note: The information up to the publication date of the annual report of the year shall be filled in.

IV. Disbursements for Environmental Protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including compensation) and total fines, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor Relations:

(I) List Any Employee Benefit Plans, Continuing Education, Training, Retirement Systems, the Status of Their Implementation, and Labor-Management Agreements and Measures for Preserving Employees’ Interests.

1. Employee benefit plans

(1) Handle labor and health insurance, group life insurance, implement employee profit-sharing system, childcare subsidy, grants for employees’ children, wedding and funeral subsidy, among other things, and handle on-service training.

(2) Establish an employee welfare committee to allocate 0.15% of monthly sales income and 40% of scrap income as employee welfare funds. In addition, it handles activities such as recreational and tourism activities, as well as employee

clubs, Chinese New Year gifts, ball games, and contracting with merchants for preferential treatments.

(3) In July 2021, the Company established the “Co-Tech Development Corp. Employee Stock Ownership Trust”, which is open to all employees of the Company and its subsidiaries with at least six months of service. The employees contribute a certain amount from their salaries every month, and the Company also allocates a certain percentage of incentives according to the employees’ seniority and ranking to purchase shares of Co-Tech, which encourages the employees to carry out long-term financial planning and protect their post-retirement life.

(4) Starting from January 2021, employees’ dependents can join the company’s group insurance at their own expense to provide an additional layer of protection for their dependents’ injury, illness and medical treatment.

2. Trainings and continuing education:

(1) The plants have set up training classrooms, increased internal training courses to improve on-service training opportunities for employees, and strengthened their professional knowledge.

(2) The Company has established the “Education and Training Management Procedures” and planned relevant training courses in accordance with the requirements of functions and professionalism to enhance employees’ knowledge and capabilities and enhance their overall quality and operating performance. The relevant training results in 2023 are as follows:

Item	Sessions	Total attendees	Total hours	Total expenses
1. Orientations	4	36	260	0
2. Professional function training	142	1,630	3,173.5	266,670
3. Supervisor capability training	6	149	906	178,800
4. General knowledge training	16	251	316.5	14,240
5. Other	0	0	0	0
Total	168	2,066	4,656	459,710

(3) Relevant licenses obtained as specified by the competent authority:

A. The accounting officer has obtained the professional qualification certificate for accounting officers award by the Accounting Research and Development Foundation, pursuant to the “Regulations Governing the Qualification Requirements and Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges,” and satisfies the required annual continuing education hours.

B. The internal auditors and their acting persons satisfy the required annual continuing education hours pursuant to the “Regulations Governing Establishment of Internal Control Systems by Public Companies.”

C. One internal auditor has obtained the certificate of “Certified Internal Auditor,” awarded by the Institute of Internal Auditors (IIA).

D. One of the finance staff obtained the “Qualification Certificate of Stock Affair Specialist” awarded by the Securities and Futures Institute.

E. The corporate governance officer, in accordance with the provisions of Article

24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", and with reference to the provisions of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, shall attend continuing professional educations annually.

3. Retirement system and implementation

(1) Old system: employees hired before June 30, 2005 may choose the old or new system upon their wills. The Company has a retirement program for officially hired employees in accordance with the Labor Standard Act. According to the program, the payment of pension is based on the years of service. The Company contributes a monthly retirement reserve, pursuant to the regulations, to the Labor Pension Reserve Supervision Committee for management and deposited in the Bank of Taiwan under the committee's name.

(2) New system: The new pensions system is applicable to all employees employed after July 1, 2005, and those who choose the new system but were hired before July 1, 2005. The Company contributes 6% of the monthly salary to the employee's personal pension account of the Labor Insurance Bureau based on the employee's salary. Employees may also contribute to the personal pension accounts within the range of 6% of their monthly salary upon personal wills. The Company will deduct the amount of their contribution from the employee's salary on a monthly basis.

(3) According to the Company's employee retirement program, employees who have served for 15 years or more and have been 55 years of age, or served for 25 years or more, and those who have worked for 10 years or more and have reached 60 years of age, are eligible to retire; employees who are 65 years of age or older, or incompetent for the job may be ordered to retire.

(4) Employees who took up the job before July 1, 2005 and chose the new system will retain their seniority in the old system.

4. Agreements between employees and employer and safeguard of each employee's interests:

(1) The Employee-Employer Conference Committee was established in January 2007 to regularly hold employee-employer communication and coordination meetings, promote employee-employer cooperation, improve labor conditions and worker's living and working environment, and maintain mutual assistance and dependence between employees and the employer, and mutual benefit and harmony.

(2) The Company's website has prepared the employee communication channels to establish a good communication bridge.

(3) Formulate the "Regulations for Implementing Unpaid Parental Leave for Raising Children," to provide employees with more stable employment security.

5. Employees' code of conduct or ethics:

The Company has formulated the "Code of Ethical Conduct" to regulate the ethics of all the Company's employees. Please refer to the Company's website: www.co-tech.com. In addition, the Company has also formulated working rules and related guidelines to serve as standards for employees to follow. The main related measures are:

(1) Internal organization and management guidelines.
(2) Attendance management guidelines.
(3) Performance evaluation and assessment management guidelines.
(4) Promotion management guidelines.
(5) Sexual harassment prevention measures and punishment guidelines.

The Company evaluates employees based above-mentioned management guidelines. All rewards and punishments are announced and communicated to employees to comply with so that employees clearly understand the code of conduct. When employees have any conduct deserving reward or punishment, such will be handled pursuant to the aforesaid requirements.

6. Protective measures for working environment and personal safety of employees:

(1) Formulate the "Occupational Safety and Health Management Manual" to specify safety management matters for employees to follow.

(2) Occupational safety and health policy:
A. Comply with occupational safety and health laws and regulations and related regulations.
B. Protect the safety and health of all employees and all personnel entering the Company.
C. Continuously improve the occupational safety and health management system and management performance.
D. Prevent the occurrence of work-related injuries or unhealthy accidents.
E. Actively promote consultation with workers and participate in safety and health-related issues.

(3) Formulate the "Code of Occupational Safety and Health Practice" in accordance with the Occupational Safety and Health Act, and establish an occupational safety and health committee and the Occupational Safety Office. Set up the "occupational safety and health management personnel" in workplaces to promote safety and health automatic inspection plans, supervise occupational safety and health management, occupational safety and health training, and safety and health patrols in various departments.

(4) Equipment safety:

A. Carry out inspection, maintenance and services pursuant to the relevant regulations of occupational safety and health organization management and automatic inspection guidelines.
B. Inspection methods are divided into regular inspections, key inspections, and operation inspections, which are jointly developed and implemented by the Occupational Safety Office and the user unit according to the plan.

(5) Environmental sanitation:
A. Implement cafeteria sanitation inspections every month.
B. Perform monthly cleaning inspections of bathrooms and toilets.
C. Regularly implement the work environment measurement.

(6) Health care:

General physical examinations are carried out for newly hired employees at the time of on-board; general health examinations are carried out regularly for in-service personnel; special health examinations are carried out for those who are engaged in special hazardous operations. Contracted medical personnel are appointed for labor health services in accordance with regulations.

(7) Fire-fighting safety:

Set up a complete fire-fighting system in accordance with the Fire Services Act, including fire-fighting safety equipment, fire refuge facilities, among other things.

7. Operational Procedures for Handling Material Internal Information and Preventing Insider Trading: all employees, managerial officers and directors have been notified of these established procedures.

(II) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.

The Company always regards employees as valuable assets and values the future development of employees. Therefore, the employee-employer has always maintained a harmonious relationship, and the Company has not suffered any loss due to labor disputes.

VI. Cyber Security Management

(I) Specifying the Cyber Security Risk Management Structure, Cyber Security Policy, Specific Management Plans and Resources Invested in Cyber Security Management:

1. Cyber security risk management structure and policy

(1) In order to ensure the confidentiality, integrity and security of information-related software and hardware, data, documents and personnel, Co-Tech Development measures the Company's business needs, while referring to the relevant laws and regulations, to formulate Co-Tech Development's Information Security Policy.

(2) The Company has introduced information security and developed an information security management framework, which is divided into:

A. Information security related management regulations.

B. Information security related forms

2. Specific management plan for information security

(1) Use network firewalls to control cyber threats.

(2) E-mail security management sets up email auditing principles and set up black and white lists to prevent information security problems caused by emails.

(3) Information security system (central control anti-virus system) has been set up to prevent computer viruses from invading the Company's computers and networks.

(4) Set up identity verification and password principle control, access authorization, among other things, to manage data security.

(5) Data backup for ensuring the security of backup data with remote backup.

(6) Conduct information security concept promotion to employees every year to strengthen the Company's overall information security concept.

(7) Review information security protection measures and review and correct information security loopholes every year.

(8) Every year, the CPA team assists in information security audits to improve the implementation of information security inadequacies.

(9) The Audit Office regularly reviews the Company's information security, and if the audit reveals deficiencies, the audited unit is requested to propose relevant improvement plans and follow up on the effectiveness of the improvements in order to reduce internal information security risks.

3. Resources invested in cyber security management

(1) Network hardware equipment such as firewall, mail anti-virus, spam filtering, network management hubs, etc.

(2) Software systems such as endpoint protection system, backup management software, VPN and encryption software, etc.

(3) Telecommunication services such as multidrop line, cloud backup service, intrusion protection service, etc.

(4) Human resources such as daily status check of each system, weekly backup and off-site storage of backup media, annual internal audit of information cycles, information system audits by accountants, etc.

(II) Any Losses Suffered by the Company in the Most Recent Fiscal Years and up to the Annual Report Publication Date Due to Significant Cyber Security Incidents, and the Possible Impacts and Countermeasures Thereof. If a Reasonable Estimate Cannot Be Made, an Explanation of the Facts of Why It Cannot Be Made Shall Be Provided : None

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VII. Important Contracts (the contracts still effective as of the publication date of the annual report and the one expired in the recent year)

Nature of Contracts	Parties Involved	Start and End Dates	Main Contents	Restrictive Covenants
Engineering Contract	Ruiying Construction Co.,Ltd.	2021.09.09	New construction of Co-Tech Development's Plant 3 in Yunlin Technology-based Industrial Park	All information related to the contract that Party B is privy to regarding Party A is a trade secret of Party A or its affiliates. Party B shall take appropriate confidentiality measures in order to fulfill its duty of confidentiality to Party A. Party B shall not disclose Party A's business and trade secrets to any third party in any way. If Party B or its employees violate this confidentiality obligation and Party A suffers any property or non-property loss, Party B shall be liable and indemnify Party A for damages.

Six. Overview of Financial Status

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years

(I) Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years

1. Condensed Balance Sheet (Consolidated)

Unit: NT$ thousand

Item / Year		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Asset		4,756,323	4,846,195	5,820,240	4,085,683	3,880,398
Property, Plant and Equipment (Note 2)		1,980,342	1,759,354	2,414,266	3,033,949	3,892,005
Intangible Assets		3,010	1,948	1,511	1,640	1,687
Other Assets (Note 2)		107,765	130,325	133,048	493,703	132,505
Total Assets		6,847,440	6,737,822	8,369,065	7,614,975	7,906,595
Current Liabilities	Before Distribution	1,392,954	1,350,841	2,082,227	1,479,381	1,867,809
	After Distribution	1,898,130	1,856,017	3,143,097	2,110,851	Note 6
Non-Current Liabilities		330,226	230,541	117,457	50,922	55,293
Total Liabilities	Before Distribution	1,723,180	1,581,382	2,199,684	1,530,303	1,923,102
	After Distribution	2,228,356	2,086,558	3,260,554	2,161,773	Note 6
Equity Attributed to the Owners of Parent-Company		5,124,260	5,156,440	6,169,381	6,084,672	5,983,493
Ordinary Shares		2,525,880	2,525,880	2,525,880	2,525,880	2,525,880
Capital Surplus		1,740,234	1,583,629	1,560,897	1,560,897	1,560,897
Retained Earnings	Before Distribution	866,425	1,055,233	2,090,848	2,006,041	1,904,934
	After Distribution	361,249	550,057	1,029,978	1,374,571	Note 6
Other Equity		(8,279)	(8,302)	(8,244)	(8,146)	(8,218)
Treasury Shares		-	-	-	-	-
Non-Controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	5,124,260	5,156,440	6,169,381	6,084,672	5,983,493
	After Distribution	4,619,084	4,651,264	5,108,511	5,453,202	Note 6

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Enterprise Accounting Standards, should be prepared separately.
Note 1: Any year that has not been audited by the CPAs should be indicated.
Note 2: If an asset revaluation has been performed in the current year, the date of the revaluation and the value-added amount of revaluation should be listed.
Note 3: As of the publication date of the annual report, the TWSE listed or OTC-traded companies shall disclose the audited or reviewed financial information by the CPAs, if any.
Note 4: For the above-mentioned figure after distribution, please fill in based on the resolution of the Board of Directors or Shareholders' Meeting in the following year.
Note 5: If the financial information is corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.
Note 6: The 2023 financial data has been certified by a CPA, but the distribution of the earnings has not yet been resolved.

2. Condensed Balance Sheet (Standalone)

Unit: NT$ thousand

Item		Financial Summary for The Last Five Years (Note 1) 2019	2020	2021	2022	2023
Current Asset		4,600,963	4,829,286	5,812,635	4,080,470	3,875,569
Property, Plant and Equipment (Note 2)		1,837,028	1,759,332	2,414,250	3,033,937	3,891,999
Intangible Assets		3,010	1,948	1,511	1,640	1,687
Other Assets (Note 2)		129,316	136,529	139,461	498,190	136,894
Total Assets		6,570,317	6,727,095	8,367,857	7,614,237	7,906,149
Current Liabilities	Before Distribution	1,115,862	1,340,114	2,081,392	1,478,675	1,867,363
	After Distribution	1,621,038	1,845,290	3,142,262	2,110,145	Note 6
Non-Current Liabilities		330,195	230,541	117,084	50,890	55,293
Total Liabilities	Before Distribution	1,446,057	1,570,655	2,198,476	1,529,565	1,922,656
	After Distribution	1,951,233	2,075,831	3,259,346	2,161,035	Note 6
Equity Attributed to the Owners of Parent-Company		5,124,260	5,156,440	6,169,381	6,084,672	5,983,493
Ordinary Shares		2,525,880	2,525,880	2,525,880	2,525,880	2,525,880
Capital Surplus		1,740,234	1,583,629	1,560,897	1,560,897	1,560,897
Retained Earnings	Before Distribution	866,425	1,055,233	2,090,848	2,006,041	1,904,934
	After Distribution	361,249	550,057	1,029,978	1,374,571	Note6
Other Equity		(8,279)	(8,302)	(8,244)	(8,146)	(8,218)
Treasury Shares		-	-	-	-	-
Non-Controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	5,124,260	5,156,440	6,169,381	6,084,672	5,983,493
	After Distribution	4,619,084	4,651,264	5,108,511	5,453,202	Note 6

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Enterprise Accounting Standards, should be prepared separately.

Note 1: Any year that has not been audited by the CPAs should be indicated.
Note 2: If an asset revaluation has been performed in the current year, the date of the revaluation and the value-added amount of revaluation should be listed.
Note 3: As of the publication date of the annual report, the TWSE listed or OTC-traded companies shall disclose the audited or reviewed financial information by the CPAs, if any.
Note 4: For the above-mentioned figure after distribution, please fill in based on the resolution of the Board of Directors or Shareholders' Meeting in the following year.
Note 5: If the financial information is corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.
Note 6: The 2023 financial data has been certified by a CPA, but the distribution of the earnings has not yet been resolved

3. Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousand

Items \ Year	Financial Summary for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	5,220,914	6,037,386	8,914,783	7,407,454	6,169,504
Gross Profit	783,933	968,082	2,179,295	1,356,133	883,784
Operating Income	584,923	738,853	1,907,603	1,152,900	690,592
Non-Operating Income and Expenses	(58,686)	(66,994)	(2,656)	32,007	(24,459)
Profit Before Income Tax	526,237	671,859	1,904,947	1,184,907	666,133
Net Profit	386,662	541,590	1,523,238	967,212	532,906
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(3,600)	(4,234)	(5,122)	8,949	(2,615)
Total Comprehensive Income	383,062	537,356	1,518,116	976,161	530,291
Net Income Attributable to Owners of the Parent Company	396,701	541,590	1,523,238	967,212	532,906
Net Income Attributable to Non-Controlling Interests	(10,039)	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	393,101	537,356	1,518,116	976,161	530,291
Total Comprehensive Income Attributable to Non-Controlling Interests	(10,039)	-	-	-	-
Earnings Per Share	1.57	2.14	6.03	3.83	2.11

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Enterprise Accounting Standards, should be prepared separately.

Note 1: Any year that has not been audited by the CPAs should be indicated.
Note 2: As of the publication date of the annual report, the TWSE listed or OTC-traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.
Note 3: The income of discontinuing business unit list the amount net of income tax.
Note 4: If the financial information is corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.

4. Condensed Statement of Comprehensive Income (Standalone)

Unit: NT$ thousand

Items \ Year	Financial Summary for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	5,220,363	6,036,163	8,911,149	7,407,454	6,186,166
Gross Profit	813,371	970,500	2,175,190	1,356,133	881,707
Operating Income	625,180	745,322	1,906,677	1,155,436	691,000
Non-Operating Income and Expenses	(163,454)	(73,463)	(1,730)	29,471	(24,867)
Profit Before Income Tax	461,726	671,859	1,904,947	1,184,907	666,133
Net Profit	396,701	541,590	1,523,238	967,212	532,906
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(3,600)	(4,234)	(5,122)	8,949	(2,615)
Total Comprehensive Income	393,101	537,356	1,518,116	976,161	530,291
Net Income Attributable to Owners of the Parent Company	396,701	541,590	1,523,238	967,212	532,906
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	393,101	537,356	1,518,116	976,161	530,291
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	1.57	2.14	6.03	3.83	2.11

* If the Company prepares the parent company-only financial report, it shall separately prepare the condensed parent company-only balance sheet and the statement of comprehensive income for the most recent five years.

* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Financial Accounting Standards, should be prepared separately.

Note 1: Any year that has not been audited by the CPAs should be indicated.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC-traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3: The income of discontinuing business unit list the amount net of income tax.

Note 4: If the financial information is corrected or re-stated as notified by the competent authority, the listed figures should be the corrected or re-stated figures, and the circumstances and reasons should be indicated.

(II) Auditing CPAs and audit opinions in the past 5 years

Year	Name of the firm and CPAs	Audit Opinions
2023	Deloitte & Touche Chang, Ching-Fu and Chao, Yung-Hsiang	Unqualified opinion
2022	Deloitte & Touche Chang, Ching-Fu and Chao, Yung-Hsiang	Unqualified opinion
2021	Deloitte & Touche Chang, Ching-Fu and Chao, Yung-Hsiang	Unqualified opinion
2020	Deloitte & Touche Chang, Ching-Fu and Chao, Yung-Hsiang	Unqualified opinion
2019	Deloitte & Touche Chang, Ching-Fu and Cheng, Chin-Tsung	Unqualified opinion

II. Five-Year Financial Analysis

1. Consolidated Financial Analysis

Items	Year	Financial Analysis for the Last Five Years (Note)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	25.17	23.47	26.28	20.09	24.32
	Ratio of long-term capital to property, plant and equipment	275.43	306.19	260.40	202.23	155.15
Solvency (%)	Current ratio	341.46	358.75	279.51	276.17	207.75
	Quick ratio	308.05	320.31	239.09	226.47	167.95
	Interest earned ratio (times)	25.71	59.45	316.75	224.35	53.92
Operating performance	Trade receivable turnover (times)	3.69	3.86	4.91	3.98	3.79
	Average collection period	99	95	74	92	96
	Inventory turnover (times)	8.98	11.18	10.78	8.37	7.69
	Trade payable turnover (times)	15.06	14.82	13.46	11.04	14.46
	Average days in sales	41	33	34	44	47
	Property, plant and equipment turnover (times)	2.49	3.23	4.27	2.75	1.78
	Total assets turnover (times)	0.75	0.89	1.18	0.92	0.79
Profitability	Return on total assets (%)	5.83	8.11	20.23	12.15	6.99
	Return on stockholders' equity (%)	7.62	10.54	26.89	15.78	8.83
	Pre-tax income to paid-in capital (%)	20.83	26.60	75.41	46.91	26.37
	Profit ratio (%)	7.41	8.97	17.08	13.05	8.63
	Earnings per share (NT$)	1.57	2.14	6.03	3.83	2.11
Cash Flows	Cash flow ratio (%)	44.33	56.10	80.45	70.52	36.47
	Cash flow adequacy ratio (%)	157.70	161.52	132.89	88.92	79.14
	Cash reinvestment ratio (%)	0.54	2.16	9.20	(0.13)	0.39
Leverage	Operating leverage	2.02	1.85	1.30	1.45	1.69
	Financial leverage	1.04	1.02	1.00	1.00	1.02

Please explain the reasons for the financial ratio changes in the past two years. (Analysis may be omitted if the changes hadn’t reached 20%.)

1. The increase in the debts to assets ratio in 2023 was mainly due to the increase in liabilities.
2. The decrease in the long-term capitals to property, plant and equipment ratio in 2023 was mainly due to the increase in property, plant and equipment.
3. The decrease in current and quick ratio in 2023 was mainly due to the decrease in quick assets and the increase in current liabilities.
4. The interest coverage ratio decreased in 2023, mainly because the net profit before tax decreased.
5. The increase in the turnover rate of payables in 2023 was mainly due to the decrease in payables.
6. The decrease in property, plant and equipment turnover rate in 2023 was mainly due to the decrease in sales revenue.
7. The decrease in profitability for 2023 was mainly due to profit after tax for the current period was lower than the previous period.
8. The decrease in cash flow ratio and cash reinvestment ratio in 2023 was mainly due to the decrease in cash flow from operating activities.

*If the company has prepared the parent company-only financial report, an analysis of the company's parent company-only financial ratio shall be prepared separately.

* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Enterprise Accounting Standards, should be prepared separately.

Note 1: The year .'that has not been audited by the CPAs should be indicated.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC-traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3: At the end of this form in the annual report, the following calculation formula should be listed:

1. Financial structure
   (1) Liability to asset ratio= total liabilities / total assets
   (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period
3. Operating capacity
   (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
   (2) Average cash recovery date = 365 / receivables turnover rate
   (3) Inventory turnover rate = sales cost / average inventory
   (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
   (5) Days sales outstanding = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
   (2) Return on equity = after tax profit and loss / average equity
   (3) Net profit margin = after tax profit and loss / net sales
   (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital) (Note 5)
6. Leverage
   (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 6)
   (2) Financial leverage = operating profit / (operating profit - interest expense)

Note 4: Calculation formula for earnings per share above should pay careful attention to followed points:

1. Based on the weighted average number of common shares, but not the number of shares issued as of the end of the year.
2. Every capital increase or treasury stock transaction should consider calculating the weighted average number of shares during the circulation period.
3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in the proportion of capital increase; no need to consider the period of capital increase.
4. If the preferred shares are non-convertible cumulative preferred stock, the year's dividends, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax. If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.

Note 5: Paying careful attention to the cash flow analysis as followed points:

1. Net cash flow from operating activities means the net income in the net cash flow table.
2. Capital expenditure means investment spending per year.
3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory at the end of the year has decreased, it should be shown as zero.
4. Cash dividend includes common shares and preferred shares.
5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation.

Note 6: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.

Note 7: Company's shares without par value or a par value other than NT$10 is calculated based on interests ratio attributable to a parent company owner in the balance sheet, instead of pre-tax net profit to paid-in capital ratio.

2. Stand-Alone Financial Analysis

Items	Year	Financial Analysis for the Last Five Years (Note)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	22.01	23.35	26.27	20.08	24.31
	Ratio of long-term capital to property, plant and equipment	296.92	306.19	260.38	202.23	155.15
Solvency (%)	Current ratio	412.32	360.36	279.26	275.95	207.54
	Quick ratio	374.00	321.62	238.83	226.23	167.73
	Interest earned ratio (times)	31.51	64.83	317.48	224.73	53.93
Operating performance	Trade receivable turnover (times)	3.69	3.86	4.91	3.98	3.79
	Average collection period	99	95	74	92	96
	Inventory turnover (times)	9.68	11.63	10.78	8.37	7.69
	Trade payable turnover (times)	14.96	14.81	13.47	11.04	14.46
	Average days in sales	38	31	34	44	47
	Property, plant and equipment turnover (times)	2.69	3.36	4.27	2.75	1.78
	Total assets turnover (times)	0.79	0.91	1.18	0.92	0.79
Profitability	Return on total assets (%)	6.16	8.27	20.24	12.15	6.99
	Return on stockholders' equity (%)	7.62	10.54	26.89	15.78	8.83
	Pre-tax income to paid-in capital (%)	18.28	26.60	75.41	46.91	26.37
	Profit ratio (%)	7.60	8.97	17.09	13.05	8.63
	Earnings per share (NT$)	1.57	2.14	6.03	3.83	2.11
Cash Flows	Cash flow ratio (%)	57.11	55.80	81.04	70.50	36.34
	Cash flow adequacy ratio (%)	198.06	173.65	136.64	90.04	79.49
	Cash reinvestment ratio (%)	0.72	2.08	9.29	(0.14)	0.37
Leverage	Operating leverage	1.89	1.83	1.30	1.45	1.69
	Financial leverage	1.02	1.01	1.00	1.00	1.02

Please explain the reasons for the financial ratio changes in the past two years. (Analysis may be omitted if the changes hadn’t reached 20%.)

1. The increase in the debts to assets ratio in 2023 was mainly due to the increase in liabilities.
2. The decrease in the long-term capitals to property, plant and equipment ratio in 2023 was mainly due to the increase in property, plant and equipment.
3. The decrease in current and quick ratio in 2023 was mainly due to the decrease in quick assets and the increase in current liabilities.
4. The interest coverage ratio decreased in 2023, mainly because the net profit before tax decreased.
5. The increase in the turnover rate of payables in 2023 was mainly due to the decrease in payables.
6. The decrease in property, plant and equipment turnover rate in 2023 was mainly due to the decrease in sales revenue.
7. The decrease in profitability for 2023 was mainly due to profit after tax for the current period was lower than the previous period.
8. The decrease in cash flow ratio and cash reinvestment ratio in 2023 was mainly due to the decrease in cash flow from operating activities.

*If the company has prepared the parent company-only financial report, an analysis of the company's parent company-only financial ratio shall be prepared separately.
* If the financial information adopting the International Financial Reporting Standards is less than five years old, the following table (2), the financial information adopting Taiwan's Enterprise Accounting Standards, should be prepared separately.

Note 1: The year .'that has not been audited by the CPAs should be indicated.

Note 2: As of the publication date of the annual report, the TWSE listed or OTC-traded companies shall disclose the certified or reviewed financial information by the CPAs, if any.

Note 3: At the end of this form in the annual report, the following calculation formula should be listed:

1. Financial structure
   (1) Liability to asset ratio= total liabilities / total assets
   (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period
3. Operating capacity
   (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
   (2) Average cash recovery date = 365 / receivables turnover rate
   (3) Inventory turnover rate = sales cost / average inventory
   (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
   (5) Days sales outstanding = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
   (2) Return on equity = after tax profit and loss / average equity
   (3) Net profit margin = after tax profit and loss / net sales
   (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital) (Note 5)
6. Leverage
   (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit (Note 6)
   (2) Financial leverage = operating profit / (operating profit - interest expense)

Note 4: Calculation formula for earnings per share above should pay careful attention to followed points:

1. Based on the weighted average number of common shares, but not the number of shares issued as of the end of the year.
2. Every capital increase or treasury stock transaction should consider calculating the weighted average number of shares during the circulation period.
3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in the proportion of capital increase; no need to consider the period of capital increase.
4. If the preferred shares are non-convertible cumulative preferred stock, the year's dividends, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax. If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.

Note 5: Paying careful attention to the cash flow analysis as followed points:

1. Net cash flow from operating activities means the net income in the net cash flow table.
2. Capital expenditure means investment spending per year.
3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory at the end of the year has decreased, it should be shown as zero.
4. Cash dividend includes common shares and preferred shares.
5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation.

Note 6: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.

Note 7: Company's shares without par value or a par value other than NT$10 is calculated based on interests ratio attributable to a parent company owner in the balance sheet, instead of pre-tax net profit to paid-in capital ratio.

III. Audit Committee’s Review Report on the Latest Financial Report

CO-TECH DEVELOPMENT CORP.

Audit Committee’s Review Report

To:

2024 Annual General Shareholders’ Meeting

The Company’s Board of Directors has prepared and submitted the financial statements for the year ended December 31, 2023, audited by the attesting CPAs of Deloitte Touche Tohmatsu Limited, together with the business report and the earnings distribution of the Company. The Audit Committee has reviewed and concluded that the report is in compliance with the Company Law and other relevant laws and regulations and hereby submits a report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Co-Tech Development Corp.
Audit Committee
Convener: George Chen
February 23, 2024

IV. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Please refer to Appendix A.

V. Standalong Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Please refer to Appendix B.

VI. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation: None.

Seven. Review and Analysis of Financial Status and Business Results and Risk Issue

I. Financial Status

Unit: NT$ thousand

Items \ Year	2023	2022	Difference		
			Amount	%	Description
Current Asset	3,880,398	4,085,683	(205,285)	(5.02%)	
Property, Plant and Equipment	3,892,005	3,033,949	858,056	28.28%	
Intangible Assets	1,687	1,640	47	2.87%	
Other Assets	132,505	493,703	(361,198)	(73.16%)	
Total Assets	7,906,595	7,614,975	291,620	3.83%	1
Current Liabilities	1,867,809	1,479,381	388,428	26.26%	
Non-Current Liabilities	55,293	50,922	4,371	8.58%	
Total Liabilities	1,923,102	1,530,303	392,799	25.67%	2
Share Capital	2,525,880	2,525,880	0	0.00%	
Capital Surplus	1,560,897	1,560,897	0	0.00%	
Retained Earnings	1,904,934	2,006,041	(101,107)	(5.04%)	3
Other Equity	(8,218)	(8,146)	(72)	0.88%	
Total Equity	5,983,493	6,084,672	(101,179)	(1.66%)	

Explanation:
1. Increase in assets: Mainly due to increase in property, plant and equipment.
2. Increase of liabilities: mainly due to the increase of current liabilities; and the increase of current liabilities is mainly due to the increase of short-term borrowings.
3. Decrease in the retained earnings: Mainly because net profit for 2023 was lower than that for 2022.

II. Financial Performance

(I) Analysis of Financial Performance

Unit: NT$ thousand

Year / Items	2023	2022	Increased (Decreased)	Rate of Variance (%)
Operating Revenue	6,169,504	7,407,454	(1,237,950)	(16.71)
Cost of Goods Sold	(5,285,720)	(6,051,321)	765,601	(12.65)
Gross Profit	883,784	1,356,133	(472,349)	(34.83)
Operating Expenses	(193,192)	(203,233)	10,041	(4.94)
Operating Income	690,592	1,152,900	(462,308)	(40.10)
Non-operating income (expenses)	(24,459)	32,007	(56,466)	(176.42)
Profit Before Income Tax	666,133	1,184,907	(518,774)	(43.78)
Analysis of changes: In 2023, we have optimized the product portfolio, and products with high gross profit margins have been upgraded quarter by quarter. However, due to the overcapacity of HTE copper foil and the price competition, the operating revenue, operating gross profit, operating profit, and net profit before tax all declined year-on-year.				

(II) Sales Forecast and the Basis, and Possible Impact on the Company's Future Financial Status and the Contingency Plan

The expected sales volume is based on the Company's comprehensive assessment in accordance with its operating plan, general economy, market demand forecast, industry competition and business outlook of major customers. It is expected that the industry the Company is in will continue to grow steadily in the coming year. In addition, the Company will be committed to strengthening its operating health and accelerating the differentiation of technology and products. By rooting in Taiwan, the Company will continue to improve its manufacturing process, seeking to maintain the Company's stable growth.

III. Cash Flow

(I) 2023 Cash Flow Analysis

Unit: NT$ thousand

Beginning Cash Balance (1)	Net Cash Flow From Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,648,159	681,215	-775,667	1,553,707	None	None
Explanation: The net cash outflow mainly were dividend distribution, factory construction and purchase of equipment.					

(II) Remedies for Illiquidity: No illiquidity.

(III) Analysis of Cash Flows in the Coming Year:

1. Cash inflow from operating activities: The Company expects customer demand to be stable, giving rise to cash inflow from normal production.
2. Cash outflow from investing activities: Mainly due to expansion and adjustment of production capacity, and expenditure incurred for new purchases of equipment and expansion of factory due to development of new production process.
3. Cash outflow from financing activities: Mainly due to repayment of loans and expenditure incurred for leasing right-of-use assets.
4. The Company’s priority is to maintain stable cash flows. Based on the cash balance on the books and the cash flow of operating activities and investment activities, the Company measures the financial market conditions, and prudently plans and controls various cash expenditures such as related investments and operations.

IV. Impact of Major Capital Expenditure in the Past Year on the Financial and Business: None.

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

Unit: NT$ thousand December 31, 2023

The Company Invests	The Invested Company	Investment Amount	Policy	Current Profit and Loss (After Tax)	Improvement Plans	Other Future Investment Plans	Remarks
Co-Tech Development Corp.	Co-Tech Copper Foil（BVI）Inc.	US$3,500 thousand	The third-jurisdiction holding company for the reinvestment in Mainland.	(399)	None	None	Subsidiary
Co-Tech Copper Foil（BVI）Inc.	Co-Tech Copper Foil Shanghai Trade Ltd	US$200 thousand	Sales of copper foil	(416)	None	None	Sub-subsidiary

VI. Risks in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

(I) The impact of interest and exchange rate changes and inflation on the Company’s profit and loss and future countermeasures:

1. Interest rate changes and future countermeasures:

The Company’s cash management policy is based on the principle of safe and stable operation. In addition to maintaining safe working capital, spare funds are mainly deposited in time deposits at banks. With the premises of improving the financial structure, enriching medium and long-term working capital and reducing the risk of interest rate changes, the Company not only regularly assesses the market liquidity and bank interest rates, and prudently determines the financing means to obtain more favorable interest rates, but also adjusts loan positions in foreign currencies timely, regularly assesses the market capital, timely assesses the interest rate risk that all interest-paying liabilities are exposed to, whilst strengthening the capital management, and regularly controls accounts receivable and accounts payable to reduce the impact of interest rate changes on the bottom line of the Company.

2. Exchange rate changes and future countermeasures:

(1) The Financial Department maintains close contact with the foreign exchange

departments of financial institutions, collects relevant information on exchange rate changes all the time, fully grasps the trends and changes of international exchange rates, and actively responds to the negative effects of exchange rate fluctuations, to grasp the trend of exchange rate changes, for serving as a reference of foreign exchange trading and settlement.

(2) The main quotation currency of the company's accounts receivable and accounts payable arising from revenues and purchases is USD. By offsetting the assets and liabilities in foreign currencies, the exchange rate risk is reduced and the effect of natural hedging is achieved.

(3) The Financial Department regularly makes internal assessment reports on the positions of foreign currency net assets (liabilities) to be hedged, which are reported to the management of the Company. To be consistent with the group's exchange rate hedging strategy, the aim is not to retain foreign exchange positions.

(4) All derivative transactions engaged in are for the purpose of hedging, and the profits and losses arising from exchange rate changes roughly offset the profits and losses of the hedged items, so market risks have little effect on the Company's profits and losses.

(5) For the net foreign currency positions (assets and/or liabilities) held by the Company, hedging strategies will be adopted based on the exchange rate trends at the time, and the spot foreign exchange, forward foreign exchange or other derivative products are applied timely for hedging. Meanwhile, in response to exchange rate fluctuations, these positions are adjusted timely after prudent evaluation to avoid exchange rate fluctuation risks. Since the Company does not engage in foreign exchange operations irrelevant to the business, and every operation is for hedging, exchange rate fluctuations have not brought any significant impact.

3. Inflation and future countermeasures:

The Company has no significant impact from inflations, and the Company's quotations to customers and suppliers are mostly floating with the market prices, so the impact on the company's profit and loss is limited.

The Company monitors market price fluctuations all time, adjusts product prices and material inventory timely, to reduce the impact of inflation on the Company, and signs purchase contracts with major raw material suppliers.

(II) The Company’S Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; the Main Reasons for the Profits/ Losses Generated Thereby; and Response Measures to Be Taken in the Future.

1. The high-risk investments, highly leveraged investments in the year: None.
2. Endorsement and guarantee in the year: None.
3. Loans to other parties: None.
4. Derivatives transactions in the year:

(1) Transaction policy: The Company’s derivatives transactions are handled in accordance with the “Procedures for Handling Acquisition and Disposal of Assets.” These derivatives transactions this year were mainly to avoid exchange rate change risks for these foreign currency denominated net assets. The profit and loss from this and the profit and loss of the hedging items will offset each other, so the market risk is low.

(2) The Company’s derivatives transactions in 2023 are as follows:

Unit: NT$ thousand

Trading Information \ Type of Contract				Forward Contract	Swap
Non-trading purpose contracts	that do not meet the criteria for hedge accounting	Outstanding Position	Total amount of contract	312,272	–
			Fair Value	5,922	–
			The amount of unrealized gain(loss) recognized this year	8,660	11,667
		Settled Position	Total amount of contract	4,952,576	1,266,178
			The amount of realized gain(loss) recognized this year	(31,355)	(19,100)

Note: In the financial statements, the disclosed “for trading” amount includes the “for trading” and “not for trading- non-conforming to the hedging accounting.”

(3) Future countermeasures:

Derivative transactions shall aim to ensure the operating profit of the Company's operation, and avoid risks caused by fluctuations in exchange rates, interest rates or asset prices. All foreign exchange-related transactions are for the purpose of hedging risks, and transactions that are not related to hedging risks are not conducted at all. For the counterparties of transactions, the banks that have regular business relationships with the Company are selected to avoid credit risk.

(III) Future R&D Projects and Estimated R&D Expenses:

In response to the future growth and customers' needs, the Company will continue to engage in the research and development of the fourth-generation RG series and HVLP4 to expand the market and enhance the Company's product diversification and differentiation.

1. Future R&D plans

   (1) Short-term plans

   A. In the application of the PCIe 6.0 platform, the development of RG series copper foil.

   B. In response to the advent of the new 5G era and the growing demand for netcom equipment, the Company is actively positioning the HVLP grade and RG series copper foil development used by the 400 GHz Switch.

   C. Development of advanced high-frequency copper foil for automotive advanced driver assistance systems (ADAS).

   D. Demand growth of Any-Layer HDI substrate used in smart phones, watches and AR/VR impels the development of HDI used in second generation RT series copper foil.

   (2) Long-term plan:

   A. The development of AI server drives the growth of demand for high-end PCB and Netcom equipment. The Company is actively deploying OAM boards, UBB boards, CPU motherboards, and the fourth generation RG series and HVLP4 copper foil used by 800 GHz Switch.

   B. 5G communication applied to the development of ultra-low signal loss and high-frequency copper foil with excellent passive intermodulation (PIM).

2. Estimated R&D expenses: The Company's R&D expenses accounted for approximately 1% of annual revenue in recent years. As the number of the Company's product development projects is gradually increasing, it is expected that the R&D expenses will remain at the same level or increase in the future to meet the Company's technology differentiation strategy and ensure its competitive advantage.

(IV) The Impact of Important Domestic and Overseas Policy and Regulation Changes on the Finance and Business of the Company and Countermeasures:

The business operation of the Company is undertaken in accordance with domestic and overseas regulations. The Company constantly pays close attention to domestic and overseas policy development and regulatory changes, collects relevant information for the decision making of the management, consults professionals to fully monitor and respond to changes in market environment, and adjusts the relevant business strategies on a timely basis.

As of the publication date of the annual report, the Company has not experienced any major policy or regulatory changes that influence the financial aspect of the Company.

(V) Effect on the Company'S Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) As Well As Industrial Changes, and Measures to be Taken in Response:

The downstream of the copper foil products produced by the Company are copper foil substrates and printed circuit boards. All electronic component designs must currently use copper foil, and there are no alternative products for the time being. However, the Company still monitors relevant technical changes and industry trends all the time, and evaluates the impact on the Company's future development and financial business, and takes necessary countermeasures.

With regards to information security, to ensure the confidentiality, integrity and security of information-related software, hardware, data, documents and personnel, the Company has formulated the information security policy to ensure the enforcement of a sound information security management mechanism, taking into account the Company's business needs and relevant laws and regulations.

Therefore, technological or industrial changes have not significantly impacted the Company's finance and business.

(VI) Effect on the Company'S Crisis Management of Changes in the Company'S Corporate Image, and Countermeasures:

The Company's business objectives are based on the principle of soundness and integrity. The Company pays attention to the maintenance of corporate reputation, seeking to attract more outstanding talents to serve the Company, and build the strength of the management team, so that the Company may return the business results to the shareholders and fulfill the corporate social responsibilities. Therefore, there is no situation that endangers the corporate image.

In the future, the Company will fulfill its corporate social responsibilities while pursuing the greatest interests for shareholders.

(VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Countermeasures:

The selection of targets for investment and mergers and acquisitions is mainly based on these entities consistent with the Company's strategic development. Therefore, with a high degree of correlation among products, markets, channels, and customers, the Company may obtain effective controls over the investment benefits, organizational integration and financial risks.

As of the publication date, the Company had no mergers and acquisitions.

(VIII) Expected Benefits and Possible Risks Associated With Any Plant Expansion and Countermeasures:

Due to increasing production capacity needs of customers, in 2021, the Board of Directors approved an investment of NT$4.05 billion by resolution to expand production capacity so as to cater to market growth. The source of funding shall come from working capital. The Company has sufficient working capital and therefore is not exposed to risk of insufficient capital.

(IX) Risks Associated With Any Consolidation of Sales or Purchasing Operations and Countermeasures:

1. Risk of consolidating of purchasing and countermeasures:

(1) Risk of consolidating of purchasing

Currently, most of the main raw materials purchased are supplied by domestic and foreign traders and manufacturers. The Company has multiple purchase channels, and has established long-term and stable cooperative relations with raw material suppliers to ensure the Company's adequate supply of raw materials and the stability of quality. At present, for the main raw materials used by the Company and requiring suppliers to prepare sufficient inventory based on the order quantity, the Company also simultaneously develops and tests different raw materials sources to prevent the risks resulting from the concentration of purchases.

(2) Countermeasures for consolidating of purchasing

A. Purchasing from multiple suppliers and diversify order quantity:

(A) Keep purchasing from four or more suppliers, and continue to develop new suppliers.

(B) The proportion of purchases from one single manufacturer is controlled below 50%, and the concentration risk of purchases has been reduced.

B. Signing a long-term purchase contract:

(A) Signing half-year or one-year (basic quantity + additional quantity) procurement contracts with the suppliers.

2. Risk of consolidating of sales and countermeasures:

The main target of copper foil sales is copper foil substrate and printed circuit board manufacturers. Printed circuit board customers are relatively scattered, and copper foil substrate customers are relatively concentrated. Sometimes the proportion of one single customer's revenue exceeds 10%, which is an industry characteristic. In addition to strictly controlling credit risks, the Company has developed new customers to diversify business volume to reduce business concentration risks and avoid excessive reliance on one customer.

(X) Effect Upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater Than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Countermeasures: None.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: None

(XII) Litigious and Non-litigious Matters. List Major Litigious, Non-litigious or Administrative Disputes That Involve the Company and/ or Any Company Director, Any Company Supervisor, the General Manager, Any Person with Actual Responsibility for the Firm, Any Major Shareholder Holding a Stake of Greater Than 10 Percent, and/ or Any Company or Companies Controlled by the Company, and 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: None.

(XIII) Other Important Risks and Countermeasures:

1. Risk management policy

In order to ensure the completeness of the Company's risk management system, the policy and guiding principles are specially formulated to implement the risk management check and balance mechanism and enhance the effectiveness of the division of specialty for risk management. The Company builds a business strategic and organizational culture that emphasizes risk management. From the perspective of the Company as a whole, through a series of activities such as the identification, measurement, monitoring, response and reporting of potential risks, it keeps the organization may sustain various risks that may be encountered during the operating activities within the scope through the qualitative and quantitative manners. An overall risk management system is established and jointly participated and implemented by the Board of Directors, managers and employees at all levels to reasonably ensure the achievement of the Company's strategic goals.

2. Risk management organizational structure and functions

(1) Board of Directors:

The Company's Board of Directors is the highest unit of the Company's risk management. It aims to comply with laws and regulations, promote and implement the Company's overall risk management, clearly understand the risks faced by the Company's operations, ensure the effectiveness of risk management, and be ultimately accountable for the risk management.

(2) Audit Office:

The Company's Audit Office is an independent department under the Board of Directors, with duties of internal control and internal audit. It is responsible for supervising and providing methods and procedures for ensuring that the Company conducts effective operational risk management.

(3) Finance Department:

Responsible for investment, financing and other businesses, and responsible for the maintenance of the relationship between institutions and investors to reduce financial risks.

(4) Marketing Department:

It is responsible for the Company's product sales, and understands the future trends based on economic indicators and market information, formulates the Company's sales plans, makes appropriate scheduling and adjustments based on market conditions, and strengthens services to create a win-win situation for both customers and the Company.

(5) Plant Affair Division:

It is in charge of plant affairs and production management units, responsible for annual and monthly production planning, order delivery and production dispatch, inventory management, coordination of balance between production and sales, comprehensive management of plant affairs, cross-function coordination, employee performance appraisal and communication; these are all important functions of the Plant Affair Division.

(6) Occupational Safety Office:

It is responsible for occupational safety and health management, formulates safety and health policies and supervises implementation to ensure the safety and health of workers and reduce the risks and losses of occupational disasters.

(7) Production Center:

Production and yield management, target achievement and improvement, personnel production technology education and production operation management; it is responsible for the planning, execution and management of various work in the plants, promotion and execution of production technology improvement projects.

(8) Utility Plant:

It is responsible for the formulation and implementation of various equipment maintenance plans for the production plant and other units, to ensure that the production equipment meeting the requirements of product production and the normal operation of production, and to supply public fluids, water resources recovery, and sewage treatment in the entire plant zone, as well as construction planning, equipment repair and planning, design, supervision and schedule management for construction improvement projects.

(9) Project Division:

Construction planning, equipment repair and planning, design, supervision and schedule management for construction improvement projects.

(10) Quality Assurance Division:

Reviewing product quality judgment results, reviewing and inspecting the shipment quality, planning and promoting the company-wide quality assurance system, making it comply with standards and customer requirements. It also maintains it effectively, implementing the replies from customer surveys on the quality system, tracking and managing the complaints from the customer for abnormality.

(11) Division of Product and Process Engineering:

It is responsible for controlling and managing new product development evaluation, proposal, and trial production progress. Establish/revise the process conditions or parameters of the production unit, to make the production operation meeting the quality and yield requirements of the product, and issue to the production unit for implementation; analyses of the trial production and effectiveness for new products or new process conditions, and analyses and review of the improvement of the project.

(12) Procurement Department:

It is responsible for procurement and outsourcing, and establishing a responding mechanism for raw material price changes and raw material supply shortages to reduce the risk of procurement business.

(13) Information Security Management Office:

Planning, monitoring and implementation of information security systems.

VII. Other Important Matters: None.

Eight. Special Disclosures

I. Related Information of Affiliated Companies

(I) Affiliated Business Merger Report

1. Organization chart of affiliated companies

February 29, 2024

Parent	100% Owned by Subsidiary	100% Owned by Sub-subsidiary
Co-Tech Development Corp.	Co-Tech Copper Foil (BVI) Inc.	Co-Tech Copper Foil Shanghai Trade Ltd

2. Basic information of affiliated companies

Unit: NT$ thousand February 29, 2024

Related Company	Date Established	Address	Paid-in Capital Amount	Main Business or Production Items
Co-Tech Copper Foil (BVI) Inc.	2002/6/24	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	US$3,500 thousand	Investment business
Co-Tech Copper Foil Shanghai Trade Ltd	2003/12/3	F16, Second Floor, No. 215, North Fute Road, China (Shanghai) Pilot Free Trade Zone	US$200 thousand	Sales of copper foil

3. Information of the same shareholders who are presumed to have holdings and affiliation: None.

4. The industries covered by the business of the overall related company:

Main business:

(1) International trade, entrepot trade, inter-enterprise trade and trade agency business.

(2) Simple commercial processing and business consulting services.

(3) Warehousing and distribution business focusing on copper products and after-sales service of related products.

(4) Manufacturing and wholesaling of copper foil, glass and associated products, ceramic glassware, optical instruments and equipment and associated parts, photographic equipment and associated parts and accessories.

(5) Commissioning agency, importing and exporting and other related supporting services.

5. Information on directors, supervisors and general managers of related companies

February 29, 2024

Enterprise Name	Position (Note 1)	Name or Representative	Number of Shares Held (Note 2) (Note 3)	
			Capital Contribution or Number of Shares	Percentage of Shareholdings
Co-Tech Copper Foil (BVI) Inc.	Director	Co-Tech Development Corp. Representative: Raymond Soong	US$3,500 thousand 3,500 thousand shares	100%
Co-Tech Copper Foil Shanghai Trade Ltd	Director	Co-Tech Copper Foil (BVI) Inc. Representative: Lee Shih-Shen	US$200 thousand	100%
	President	Lee Shih-Shen	-	0%

Note 1: If the affiliated company is a foreign company, an equivalent position is listed.
Note 2: If the invested company is a company limited by shares, please fill in the number of shares and shareholdings ratio; otherwise, please fill in the capital contribution amount and capital contribution ratio and indicate it.
Note 3: When the directors and supervisors are corporate entities, the relevant information of the representatives shall be additionally disclosed.

6. Overview of operations of each affiliated company

Unit: NT$ thousand December 31, 2023

Enterprise Name	Capital	Total Assets	Total Liabilities	Equity	Revenue	Operating Profit	Current Profit and Loss (After Tax)
Co-Tech Copper Foil (BVI) Inc.	113,683	4,420	0	4,420	0	0	(399)
Co-Tech Copper Foil Shanghai Trade Ltd	5,808	34,793	31,841	2,952	51,979	(408)	(416)

Note: If the related company is a foreign company, the relevant figures should be converted into New Taiwan dollars as of the reporting date.

(II) Consolidated Financial Statements of Related Companies

For the consolidated financial statements of the parent and subsidiary companies, please refer to the “Consolidated Financial Report and Accountant Audit Report of Co-Tech Development Corp. and its subsidiaries” in Appendix 1.

(III) Relationship Report: None.

II. Handling of Privately Placed Securities in the Most Recent Year and As of the Date of Publication of the Annual Report: None.

III. Status of Holding or Disposing of the Company’s Stocks by Subsidiaries in the Most Recent Year and As of the Sate of Publication of the Annual Report: None..

IV. Other Necessary Supplementary Explanations: None.

Nine. In the Most Recent Year and as of the Printing Date of the Annual Report, the Occurrence of the Matters that Have a Significant Impact on Shareholders’ Equity or Securities Prices as Specified in Article 36 Paragraph 3, Item 2 of the Securities and Exchange Act: None.

Appendix A. Consolidated Financial Statements

Co-Tech Development Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Company name: Co-Tech Development Corporation
Chairman: Raymond Soong
Date: February 23, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Co-Tech Development Corporation

Opinion

We have audited the accompanying consolidated financial statements of Co-Tech Development Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2023 are as follows:

<u>Occurrence of Revenue</u>

Refer to Note 4 to the accompanying consolidated financial statements for disclosures regarding the accounting policies and detailed information on income.

The Group's revenue mainly comes from the production and sale of copper foil. The contribution of customers' sales is highly affected by the demand of the copper foil industry and the fluctuation of international copper prices. Since sales revenue recognized can have a significant impact on the Group's financial performance the main significant risk of the Group is the occurrence of sales revenue. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to the key audit matter on the occurrence of revenue, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.

2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition and confirmed the occurrence of sales.

3. We selected samples and tested sales transactions of the current year, and we checked the relevant internal and external vouchers and verified the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales returns and discounts and confirmed that sales transactions did occur.

Other Matter

We have also audited the parent company only financial statements of Co-Tech Development Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-Fu Chang and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,553,707	20	$ 1,648,159	22
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	5,922	-	458	-
Trade receivables (Notes 4 and 8)	1,570,630	20	1,678,894	22
Other receivables (Note 4)	1,056	-	10,041	-
Inventories (Notes 4 and 9)	698,555	9	675,661	9
Other current assets	50,528	-	72,470	1
Total current assets	3,880,398	49	4,085,683	54
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 23)	3,892,005	49	3,033,949	40
Right-of-use assets (Notes 4 and 12)	2,326	-	4,081	-
Other intangible assets, net (Note 4)	1,687	-	1,640	-
Deferred tax assets (Notes 4 and 18)	63,831	1	66,973	1
Prepayments for equipment	52,719	1	368,808	5
Refundable deposits	681	-	42,050	-
Other non-current assets	12,948	-	11,791	-
Total non-current assets	4,026,197	51	3,529,292	46
TOTAL	$ 7,906,595	100	$ 7,614,975	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 1,056,595	13	$ 369,276	5
Short-term bills payable (Note 13)	521	-	145,291	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	14,863	-
Trade payables	300,440	4	430,375	6
Other payables (Note 14)	371,530	5	405,142	5
Current tax liabilities (Notes 4 and 18)	123,185	1	30,893	-
Lease liabilities - current (Notes 4 and 12)	1,422	-	1,743	-
Current portion of long-term borrowings (Notes 13 and 23)	-	-	55,300	1
Other current liabilities	14,116	-	26,498	-
Total current liabilities	1,867,809	23	1,479,381	19
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	9,814	-	3,547	-
Lease liabilities - non-current (Notes 4 and 12)	933	-	2,356	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	44,546	1	45,019	1
Total non-current liabilities	55,293	1	50,922	1
Total liabilities	1,923,102	24	1,530,303	20
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Ordinary shares	2,525,880	32	2,525,880	33
Capital surplus	1,560,897	20	1,560,897	21
Retained earnings				
Legal reserve	585,189	7	487,583	6
Special reserve	8,146	-	8,244	-
Unappropriated earnings	1,311,599	17	1,510,214	20
Total retained earnings	1,904,934	24	2,006,041	26
Other equity	(8,218)	-	(8,146)	-
Total equity (Note 16)	5,983,493	76	6,084,672	80
TOTAL	$ 7,906,595	100	$ 7,614,975	100

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Note 4)	$ 6,169,504	100	$ 7,407,454	100
OPERATING COSTS				
Cost of goods sold (Notes 9 and 17)	(5,285,720)	(86)	(6,051,321)	(81)
GROSS PROFIT	883,784	14	1,356,133	19
OPERATING EXPENSES (Note 17)				
Selling and marketing expenses	(74,272)	(1)	(79,651)	(1)
General and administrative expenses	(83,074)	(1)	(78,273)	(1)
Research and development expenses	(35,846)	(1)	(45,309)	(1)
Total operating expenses	(193,192)	(3)	(203,233)	(3)
OPERATING INCOME	690,592	11	1,152,900	16
NON-OPERATING INCOME AND EXPENSES				
Interest income	15,884	-	12,625	-
Other income	7,665	-	27,165	-
Other gains and losses (Note 17)	(35,421)	-	(2,478)	-
Finance costs (Notes 4 and 17)	(12,587)	-	(5,305)	-
Total non-operating income and expenses	(24,459)	-	32,007	-
PROFIT BEFORE INCOME TAX	666,133	11	1,184,907	16
INCOME TAX EXPENSE (Notes 4 and 18)	(133,227)	(2)	(217,695)	(3)
NET PROFIT FOR THE YEAR	532,906	9	967,212	13

(Continued)

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 15)	$ (2,543)	-	$ 8,851	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(72)	-	98	-
Other comprehensive income (loss) for the year, net of income tax	(2,615)	-	8,949	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 530,291	9	$ 976,161	13
EARNINGS PER SHARE (Note 19)				
Basic	$2.11		$3.83	
Diluted	$2.11		$3.82	

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent Company						
		Capital Surplus				Other Equity	
	Issue of Shares Capital	Additional Paid-in Capital from Share Issuance in Excess	Retained Earnings			Exchange Differences on Translating Foreign	
	Amount	of Par Value	Legal Reserve	Special Reserve	Unappropriated Earnings	Operations	Total Equity
BALANCE AT JANUARY 1, 2022	$ 2,525,880	$ 1,560,897	$ 335,777	$ 8,302	$ 1,746,769	$ (8,244)	$ 6,169,381
Appropriation of 2021 earnings							
Legal reserve	-	-	151,806	-	(151,806)	-	-
Reversal of Special reserve	-	-	-	(58)	58	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,060,870)	-	(1,060,870)
Net profit for the year ended December 31, 2022	-	-	-	-	967,212	-	967,212
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	8,851	98	8,949
BALANCE AT DECEMBER 31, 2022	2,525,880	1,560,897	487,583	8,244	1,510,214	(8,146)	6,084,672
Appropriation of 2022 earnings							
Legal reserve	-	-	97,606	-	(97,606)	-	-
Reversal of special reserve	-	-	-	(98)	98	-	-
Cash dividends distributed by the Company	-	-	-	-	(631,470)	-	(631,470)
Net profit for the year ended December 31, 2023	-	-	-	-	532,906	-	532,906
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(2,543)	(72)	(2,615)
BALANCE AT DECEMBER 31, 2023	$ 2,525,880	$ 1,560,897	$ 585,189	$ 8,146	$ 1,311,599	$ (8,218)	$ 5,983,493

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 666,133	$ 1,184,907
Adjustments for:		
Depreciation expense	122,388	171,765
Amortization expense	749	747
Net loss (gain) on fair value changes of financial instruments as at fair value through profit or loss	(20,327)	14,405
Finance costs	12,587	5,305
Interest income	(15,884)	(12,625)
Net gain on disposal of property, plant and equipment	-	(73)
Write-down of inventories	1,457	2,866
Net (gain) loss on foreign currency exchange	(1,044)	15,477
Gain on lease modification	-	(18)
Other non-cash items	5,726	5,726
Changes in operating assets and liabilities		
Trade receivables	81,738	335,797
Other receivables	8,379	(2,010)
Inventories	(24,351)	91,564
Other current assets	21,942	2,483
Trade payables	(129,233)	(233,865)
Other payables	(11,235)	(51,610)
Other current liabilities	(12,443)	(3,492)
Net defined benefit liabilities	(3,652)	(2,314)
Cash generated from operations	702,930	1,525,035
Interest received	16,490	12,085
Interest paid	(7,315)	(5,250)
Income tax paid	(30,890)	(488,600)
Net cash generated from operating activities	681,215	1,043,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(656,245)	(813,510)
Proceeds from disposal of property, plant and equipment	-	199
Decrease in refundable deposits	43,105	-
Purchases of intangible assets	(796)	(876)
Increase in other non-current assets	(1,157)	-
Decrease in other non-current assets	-	931
Increase in prepayments for equipment	(39,576)	(290,584)
Net cash used in investing activities	(654,669)	(1,103,840)

(Continued)

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 719,424	$ -
Repayments of short-term borrowings	-	(8,526)
Repayments of short-term bills payable	(151,843)	(7,375)
Repayments of long-term borrowings	(55,300)	(110,600)
Repayments of the principal portion of lease liabilities	(1,735)	(2,147)
Cash dividends paid	(631,470)	(1,060,870)
Net cash used in financing activities	(120,924)	(1,189,518)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(74)	98
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,452)	(1,249,990)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,648,159	2,898,149
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,553,707	$ 1,648,159

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

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Co-Tech Development Corporation (the "Company") was established in May 1998. The Company mainly manufactures and sells standard, low profile and high performance series of copper foil products to supply the printed circuit board industry.

The Company's shares have been traded on the Taipei Exchange (formerly known as Taiwan GreTai Securities Market) since September 2010.

The consolidated financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on February 23, 2024.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has continuously assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 10, Tables 2 and 3 for detailed information on subsidiaries, including the percentages of ownership and main businesses.

e. Foreign currencies

In preparing the Group's financial statements, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of Company and its foreign operations (including subsidiaries and associates that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 21 for the determination of fair value of the financial assets.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 21.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable, the Group re-measure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

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

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

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 189	$ 275
Checking accounts and demand deposits	703,518	647,884
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	850,000	1,000,000
	$ 1,553,707	$ 1,648,159

The following is the market interest rate range of bank deposits at the end of each reporting period:

	December 31	
	2023	**2022**
Bank deposit	0.001%-1.45%	0.001%-3.00%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 5,922	$ 458
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 3,196
Currency swaps	-	11,667
	$ -	$ 14,863

At the end of the reporting period, outstanding foreign exchange forward contracts and currency swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2023			
Sell foreign exchange forward contracts	USD/NTD	2024.1.5-2024.1.12	USD10,000/NTD312,272
December 31, 2022			
Sell foreign exchange forward contracts	USD/NTD	2023.1.6-2023.3.24	USD23,250/NTD707,514
Currency swaps	USD/NTD	2023.1.6-2023.1.19	USD7,000/NTD202,832

The Group entered into foreign exchange forward contracts and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative contracts entered into by the Group did not meet the criteria for hedge accounting.

8. TRADE RECEIVABLES, NET

	December 31	
	2023	2022
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,570,630	$ 1,678,894
Less: Allowance for impairment loss	-	-
	$ 1,570,630	$ 1,678,894

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,570,258	$ 123	$ -	$ -	$ 249	$ 1,570,630
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,570,258	$ 123	$ -	$ -	$ 249	$ 1,570,630

December 31, 2022

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,677,505	$ 1,135	$ -	$ -	$ 254	$ 1,678,894
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,677,505	$ 1,135	$ -	$ -	$ 254	$ 1,678,894

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ -	$ -
Less: Net remeasurement of loss allowance	-	-
Balance at December 31	$ -	$ -

9. INVENTORIES, NET

	December 31	
	2023	2022
Finished goods	$ 399,993	$ 378,753
Work in progress	37,145	41,724
Raw materials	241,367	233,472
Supplies	20,050	21,712
	$ 698,555	$ 675,661

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 5,284,263	$ 6,048,455
Inventory write-downs	1,457	2,866
	$ 5,285,720	$ 6,051,321

10. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

			% of Ownership December 31	
Investor	Investee	Nature of Activities	2023	2022
The Company	Co-Tech Copper Foil (BVI) Inc.	Investment activities	100	100
Co-Tech Copper Foil (BVI) Inc.	Co-Tech Copper Foil Shanghai Trade Ltd.	Selling of copper foil products	100	100

b. Subsidiaries excluded from consolidated financial statements: None.

11. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2022							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2022	$ 824,098	$ 1,386,627	$ 5,734,132	$ 42,727	$ 12,328	$ 11,689	$ 752,644	$ 8,764,245
Additions	-	379	34,184	1,898	1,568	372	834,972	873,373
Disposals	-	(23,903)	(33,076)	(198)	(65)	(417)	-	(57,659)
Effect of foreign currency exchange difference	-	-	-	-	1	-	-	1
Reclassification	-	2,717	50,640	-	-	(2,717)	(50,640)	-
December 31, 2022	$ 824,098	$ 1,365,820	$ 5,785,880	$ 44,427	$ 13,832	$ 8,927	$ 1,536,976	$ 9,579,960
Accumulated depreciation and impairment								
January 1, 2022	$ -	$ 1,169,736	$ 5,198,035	$ 41,008	$ 10,836	$ 8,588	$ -	$ 6,428,203
Depreciation expense	-	42,978	124,942	671	659	364	-	169,614
Disposals	-	(23,777)	(33,076)	(198)	(65)	(417)	-	(57,533)
Effect of foreign currency exchange difference	-	-	-	-	1		-	1
Reclassification	-	952	5,533	-	-	(759)	-	5,726
December 31, 2022	$ -	$ 1,189,889	$ 5,295,434	$ 41,481	$ 11,431	$ 7,776	$ -	$ 6,546,011
December 31, 2022, net	$ 824,098	$ 175,931	$ 490,446	$ 2,946	$ 2,401	$ 1,151	$ 1,536,976	$ 3,033,949

	For the Year Ended December 31, 2023							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2023	$ 824,098	$ 1,365,820	$ 5,785,880	$ 44,427	$ 13,832	$ 8,927	$ 1,536,976	$ 9,579,960
Additions	-	1,675	23,276	4,234	68	598	954,571	984,422
Effect of foreign currency exchange difference	-	-	-	-	(3)	-	-	(3)
Reclassification	-	-	13,526	-	-	-	(13,526)	-
December 31, 2023	$ 824,098	$ 1,367,495	$ 5,822,682	$ 48,661	$ 13,897	$ 9,525	$ 2,478,021	$ 10,564,379
Accumulated depreciation and impairment								
January 1, 2023	$ -	$ 1,189,889	$ 5,295,434	$ 41,481	$ 11,431	$ 7,776	$ -	$ 6,546,011
Depreciation expense		42,541	75,893	971	839	395	-	120,639
Effect of foreign currency exchange difference	-	-	-	-	(2)	-	-	(2)
Reclassification	-	-	5,726	-	-	-	-	5,726
December 31, 2023	$ -	$ 1,232,430	$ 5,377,053	$ 42,452	$ 12,268	$ 8,171	$ -	$ 6,672,374
December 31, 2023, net	$ 824,098	$ 135,065	$ 445,629	$ 6,209	$ 1,629	$ 1,354	$ 2,478,021	$ 3,892,005

Additions to property, plant and equipment included transfer from prepayment of equipment for the year ended December 31, 2023 was $355,665 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	
Main building	11-20 years
Plant construction	3-21 years
Machinery equipment	4-16 years
Transportation equipment	3-6 years
Office equipment	4 years
Other equipment	4-11 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 23.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 1,689	$ 2,967
Transportation equipment	637	1,114
	$ 2,326	$ 4,081

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ -	$ 4,146
Depreciation charge for right-of-use assets		
Buildings	$ 1,271	$ 1,578
Transportation equipment	478	573
	$ 1,749	$ 2,151

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 1,422	$ 1,743
Non-current	$ 933	$ 2,356

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	**2022**
Buildings	1.615%-1.990%	1.615%-1.990%
Transportation equipment	1.865%	1.865%

c. Other lease information

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 379	$ 135
Total cash outflow for leases	$ (2,176)	$ (2,338)

The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases.

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Letter of credit borrowings	$ 278,466	$ 102,447
Bank loans	788,129	266,829
	$ 1,056,595	$ 369,276

The range of weighted average effective interest rates on bank loans was 6.16%-6.491% and 4.92%-5.15% per annum on December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	December 31	
	2023	2022
Bank acceptances	$ 521	$ 145,291

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 521	$ -	$ 521	$ -	$ -

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 36,625	$ -	$ 36,625	$ -	$ -
Far Eastern International Bank	60,775	-	60,775	-	-
E.Sun Bank	23,761	-	23,761	-	-
Taipei Fubon Bank	24,130	-	24,130	-	-
	$ 145,291	$ -	$ 145,291	$ -	$ -

c. Long-term borrowings

	Maturity Date	Major Clause	December 31 2023	December 31 2022
Floating rate borrowings				
Bank loans	2023.01.11	From January 11, 2018 to 2023, the line of credit of the bank borrowings from Bank SinoPac, secured by the Company's freehold land and buildings, was $340,000 thousand. The grace period is 2 years. After the grace period expires, payments will be made by installments of 6 months, and the principal amount will be amortized in 6 installments.	$ -	$ 55,300
Less: Current portion			-	(55,300)
			$ -	$ -
Interest rate			-%	2.115%

During the term of loan contract, the Group shall maintain the following financial ratios:

1) Current ratio: The ratio of current assets to current liabilities shall not be less than 100%.

2) Debt ratio: The ratio of total liabilities to (shareholders' equity minus intangible assets) shall not be higher than 200%.

3) Net tangible assets: Shall not be less than $1,700,000 thousand.

The financial ratios are based on the interim and annual consolidated financial statements which have been audited. The Company complies with the financial ratio specifications.

14. OTHER LIABILITIES

	December 31 2023	December 31 2022
Payables for salaries or bonuses	$ 68,747	$ 59,287
Payables for utility	44,969	54,082
Payables for equipment	123,930	151,418
Payables for repair and maintenance	10,875	15,121
Payables for compensation of employees and remuneration of directors	17,080	30,382
Payables for annual leave	11,605	11,765
Others	94,324	83,087
	$ 371,530	$ 405,142

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Also, Co-Tech Copper Foil Shanghai Trade Ltd. contributes the retirement benefit in accordance the provisions of the local government, and the remaining subsidiaries did not have employee retirement plans due to no employees.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 71,645	$ 67,392
Fair value of plan assets	(27,099)	(22,373)
Net defined benefit liabilities	$ 44,546	$ 45,019

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2022	$ 76,733	$ (18,337)	$ 58,396
Current service cost	-	-	-
Net interest expense (income)	384	(96)	288
Recognized in profit or loss	384	(96)	288
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,338)	(1,338)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial loss (gain)			
Changes in demographic assumptions	$ 382	$ -	$ 382
Changes in financial assumptions	(8,948)	-	(8,948)
Experience adjustments	(1,159)	-	(1,159)
Recognized in other comprehensive loss (gain)	(9,725)	(1,338)	(11,063)
Contributions from the employer	-	(2,602)	(2,602)
Balance at December 31, 2022	67,392	(22,373)	45,019
Current service cost			
Net interest expense (income)	1,011	(357)	654
Recognized in profit or loss	1,011	(357)	654
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(63)	(63)
Actuarial loss (gain)			
Changes in financial assumptions	1,009	-	1,009
Experience adjustments	2,233	-	2,233
Recognized in other comprehensive loss (gain)	3,242	(63)	3,179
Contributions from the employer	-	(4,306)	(4,306)
Balance at December 31, 2023	$ 71,645	$ (27,079)	$ 44,546

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

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

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

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rate	1.375%	1.500%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (2,000)	$ (2,021)
0.25% decrease	$ 2,078	$ 2,103
Expected rate of salary increase		
0.25% increase	$ 2,019	$ 2,048
0.25% decrease	$ (1,953)	$ (1,978)

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

	December 31	
	2023	**2022**
The expected contributions to the plan for the next year	$ 16,784	$ 2,865
The average duration of the defined benefit obligation	11.3 years	12.2 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	252,588	252,588
Amount of shares issued	$ 2,525,880	$ 2,525,880

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares and the difference between the consideration received or paid and the carrying amount of the subsidiaries’ net assets during actual disposal or acquisition) and donations may be used to offset a deficit. In addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (restricted to a certain percentage of the Company’s capital surplus).

Investments accounted for using the equity method, the capital surplus arising from employees’ shares and share options may not be used for any purposes.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the accumulated legal reserve is equal to the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors refer to compensation of employees and remuneration of directors in Note 17-e.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. In consideration of the funding needs and the degree of diluted earnings per share, the distribution will be made in the form of share dividends or cash dividends. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 19, 2023 and June 21, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 97,606	$ 151,806
Special reserve	$ (98)	$ (58)
Cash dividends	$ 631,470	$ 1,060,870
Cash dividends per share (NT$)	$ 2.5	$ 4.2

17. PROFIT BEFORE TAX

Net income included the following items:

a. Other gains and losses

	For the Year Ended December 31	
	2023	**2022**
Net foreign exchange (losses) gains	$ (52,216)	$ 14,635
Net (loss) gain on fair value changes of financial instruments as at FVTPL	20,327	(14,405)
Net gain on disposal of property, plant and equipment	-	73
Others	(3,532)	(2,781)
	$ (35,421)	$ (2,478)

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 35,338	$ 11,351
Interest on lease liabilities	62	56
Total interest expense for financial liabilities not measured at fair value through profit or loss	35,400	11,407
Less: Amount included in the cost of qualifying assets	(22,813)	(6,102)
	$ 12,587	$ 5,305

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 22,813	$ 6,102
Capitalization rate	5.15%-6.43%	0.6164%-5.15%

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Recognized in operating costs	$ 112,490	$ 157,265
Recognized in operating expenses	9,898	14,500
	$ 122,388	$ 171,765
An analysis of amortization by function		
Recognized in operating expenses	$ 749	$ 747

d. Employee benefit expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	$ 10,676	$ 10,866
Defined benefit plans (Note 15)	654	288
	11,330	11,154
Other employee benefits	301,649	306,900
	$ 312,979	$ 318,054
Employee benefit expenses summarized by function		
Recognized in operating costs	$ 237,752	$ 241,809
Recognized in operating expenses	75,227	76,245
	$ 312,979	$ 318,054

e. Compensation of employees and remuneration of directors

The Company distributed compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which have been approved by the Company's board of directors on February 23, 2024 and February 24, 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	$ 10,248	$ 18,229
Remuneration of directors	$ 6,832	$ 12,153

If there is a change in the proposed amounts after issuance of the annual consolidated financial report, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	**2022**
Foreign exchange gains	$ 182,417	$ 290,928
Foreign exchange losses	(234,633)	(276,293)
Net gains (losses)	$ (52,216)	$ 14,635

18. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	**2022**
Current income tax expense		
In respect of the current year	$ 124,800	$ 227,066
Adjustments for prior year	(1,618)	(20,463)
	123,182	206,603

(Continued)

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year	$ 8,427	$ 9,936
Adjustments for prior year	1,618	1,156
	10,045	11,092
Income tax expense recognized in profit or loss	$ 133,227	$ 217,695

(Concluded)

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	$ 666,133	$ 1,184,907
Income tax expense calculated at the statutory rate	$ 133,227	$ 236,981
Nondeductible items in determining taxable income	-	21
Unrecognized deductible temporary differences	104	633
Investment gains of foreign operations	(163)	(983)
Effect of different tax rates of entities in the Group operating in other jurisdictions	59	350
Adjustments for prior year's tax	-	(19,307)
Income tax expense recognized in profit or loss	$ 133,227	$ 217,695

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plans	$ 636	$ (2,212)

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 123,185	$ 30,893

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 17,004	$ 80	$ -	$ 17,084
Defined benefit obligations	8,957	(756)	636	8,837
Unrealized loss on inventories	1,888	291	-	2,179
Unrealized foreign exchange losses	8,138	4,997	-	13,135
Valuation losses on financial instruments	2,973	(2,973)	-	-
Revenue recognized	7,974	(92)	-	7,882
Unrealized impairment loss of property, plant and equipment	12,223	(2,304)	-	9,919
Provisions	4,758	(3,083)		1,675
Others	3,058	62	-	3,120
	$ 66,973	$ (3,778)	$ (636)	$ 63,831

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 92	$ 1,092	$ -	$ 1,184
Unrealized foreign exchange gains	3,455	5,175	-	8,630
	$ 3,547	$ 6,267	$ -	$ 9,814

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 16,527	$ 477	$ -	$ 17,004
Defined benefit obligations	11,649	(480)	(2,212)	8,957
Unrealized loss on inventories	7,453	(5,565)	-	1,888
Unrealized foreign exchange losses	3,526	4,612	-	8,138
Valuation losses on financial instruments	-	2,973	-	2,973
Revenue recognized	15,976	(8,002)	-	7,974

(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Unrealized impairment loss of property, plant and equipment	$ 15,942	$ (3,719)	$ -	$ 12,223
Provisions	5,232	(474)		4,758
Others	2,954	104	-	3,058
	$ 79,259	$ (10,074)	$ (2,212)	$ 66,973

(Concluded)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 1,274	$ (1,182)	$ -	$ 92
Unrealized foreign exchange gains	1,255	2,200	-	3,455
	$ 2,529	$ 1,018	$ -	$ 3,547

e. Information about unused loss carryforward

As of December 31, 2023, the loss carryforwards of subsidiary Co-Tech Copper Foil Shanghai Trade Ltd. comprised:

Unused Amount	Expiry Year
$ 2,004	2024
2,547	2025
2,533	2027
415	2028
$ 7,499	

f. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities. The Group agreed with the tax authorities' assessment of tax returns.

19. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Profit for the year attributable to owners of the Company	$ 532,906	$ 967,212
Effects of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 532,906	$ 967,212

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	252,588	252,588
Effects of potentially dilutive ordinary shares:		
Compensation of employees	213	424
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	252,801	253,012

The Group may settle the bonuses or remuneration paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the bonus or remuneration will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 5,922	$ -	$ 5,922

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 458	$ -	$ 458
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 14,863	$ -	$ 14,863

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial assets at FVTPL - currency swaps	Discounted cash flow. Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.

b. Categories of financial instruments

	December 31	
	2023	**2022**
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	$ 5,922	$ 458
Financial assets at amortized costs (1)	3,126,074	3,379,144
<u>Financial liabilities</u>		
FVTPL		
Held for trading	-	14,863
Amortized cost (2)	1,631,654	1,303,950

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, other payables, and long-term loans (including current portion of long-term borrowings).

c. Financial risk management objectives and policies

The Group's major financial instruments include notes receivable and trade receivables, other receivables, refundable deposits, short-term bills payable, trade payables, other payables, and loans. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a foreign exchange forward contracts to manage its exposure to foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Notes 7 and 26.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening against the relevant currency. For a weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ 22,012	$ (1,124)

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 850,000	$ 1,000,000
Financial liabilities	521	145,291
Cash flow interest rate risk		
Financial assets	703,516	689,286
Financial liabilities	1,056,595	424,576

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,765 thousand and $1,324 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets; and the maximum amount the entity would have to pay if the financial guarantee is called upon.

The receivables from major customers amounted to $1,095,418 thousand and $1,084,554 thousand, which both accounted for more than 40% of total trade receivables as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 420,706	$ 118,639	$ 132,625	$ -	$ -
Lease liabilities undiscounted	150	237	1,067	940	-
Debt instruments	311,246	594,361	160,492	-	-
	$ 732,102	$ 713,237	$ 294,184	$ 940	$ -

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,454	$ 940	$ -	$ -	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 543,165	$ 174,182	$ 118,170	$ -	$ -
Lease liabilities undiscounted	150	301	1,353	2,394	-
Debt instruments	543,301	27,376	-	-	-
	$ 1,086,616	$ 201,859	$ 119,523	$ 2,394	$ -

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,804	$ 2,394	$ -	$ -	$ -	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Net settled			
Foreign exchange forward contracts			
Outflows	$ (341)	$ (194)	$ -
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 145,029	$ 289,358	$ -
Outflows	(145,683)	(291,365)	-
	(654)	(2,007)	-
Foreign exchange swap			
Inflows	203,023	-	-
Outflows	(214,690)	-	-
	(11,667)	-	-
	$ (12,321)	$ (2,007)	$ -

c) Financing facilities

	December 31	
	2023	2022
Amount unused	$ 4,421,884	$ 4,510,433

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries (the Company's related parties), which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

Compensation of Key Management Personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 25,501	$ 46,097
Post-employment benefits	1,266	1,260
	$ 26,767	$ 47,357

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Land	$ 345,346	$ 345,346
Buildings, net	76,877	82,790
	$ 422,223	$ 428,136

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2023	2022
USD	$ 8,505	$ 14,094
JPY	63,018	167,018

b. Unrecognized commitments for the acquisition of property, plant and equipment were as follows:

	December 31 2023	December 31 2022
USD	$ 2,732	$ 3,272
NTD	816,216	1,198,211
JPY	63,018	208,598
CNY	18,546	19,901

25. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the global economy is still facing high risks and uncertainties. However, the Group's operating revenue was $6,169,504 thousand and $7,407,454 thousand in 2023 and 2022, respectively. The Group's operating revenue was 17% lower than the same period of 2022. The net income was $532,906 thousand and $967,212 thousand, respectively. The net income was 45% lower than the same period of 2022. The amount of EPS was $2.11 and $3.83, respectively. The Group's operations were normal, and there was no asset impairment or financing risk due to the epidemic in 2023 and 2022.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Group's functional currency, and the exchange rates between the respective foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 58,131	30.635 (USD:NTD)	$ 1,780,848
CNY	10,362	4.3247 (CNY:NTD)	44,815
Non-monetary items			
Derivative instruments			
USD	10,000	30.635 (USD:NTD)	5,922
Financial liabilities			
Monetary items			
USD	44,414	30.635 (USD:NTD)	1,360,618

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 60,597	30.670 (USD:NTD)	$ 1,858,497
CNY	4,648	4.4187 (CNY:NTD)	20,539
Non-monetary items			
Derivative instruments			
USD	5,000	30.670 (USD:NTD)	458
Financial liabilities			
Monetary items			
USD	31,080	30.670 (USD:NTD)	953,211
Non-monetary items			
Derivative instruments			
USD	25,250	30.670 (USD:NTD)	14,863

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Functional Currency	Functional Currency: Presentation Currency	Net Foreign Exchange Gain (Loss)	Functional Currency: Presentation Currency	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ (52,216)	1 (NTD:NTD)	$ 14,635

27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investments in subsidiaries): None.

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

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: (Table 1).

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: (Note 7).

10) Intercompany relationships and significant intercompany transactions: (Table 3).

b. Information on investees: (Table 2).

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 4).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 5).

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

28. SEGMENT INFORMATION

The Group has only copper foil segments, information reported to the chief operating decision maker is measured on the same basis as the financial statements. Therefore, the reportable revenue and operating results from January 1, 2023 and 2022 to December 31, 2023 and 2022 can be referred to the consolidated income statement for the period from January 1, 2023 and 2022 to December 31, 2023 and 2022.

a. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	$ 894,209	$ 729,894	$ 3,962,328	$ 3,461,903
Asia	5,213,087	6,654,893	38	416
Others	62,208	22,667	-	-
	$ 6,169,504	$ 7,407,454	$ 3,962,366	$ 3,462,319

Non-current assets exclude deferred tax assets.

b. Information about major customers

Single customers contributing 10% or more to the Group's revenue for both 2023 and 2022 were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A	$ 1,125,947	18	$ 1,221,995	17

TABLE 1

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Co-Tech Development Corporation	Property, plant and equipment engaging others to build on own land	July 5, 2021	$ 900,000	$ 759,610	Rui Ying Contractor Co., Ltd.	Non-related party	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Manufacturing and operating purpose	None

TABLE 2

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Co-Tech Development Corporation	Co-Tech Copper Foil (BVI) Inc.	Virgin Islands	Investment activities	$ 113,683	$ 113,683	3,500,002	100	$ 4,420	$ (399)	$ (399)	Subsidiary

Note 1: Refer to Table 4 for information on investments in mainland China.

Note 2: The intercompany transactions have been eliminated upon consolidation.

TABLE 3

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Co-Tech Development Corporation	Co-Tech Copper Foil Shanghai Trade Ltd.	1	Sales	$ 50,640	Monthly balance 120 days	1

Note 1: The parent company and its subsidiaries are coded as follows:

a. The parent company is numbered “0”.
b. The subsidiaries are numbered consecutively from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

a. From the parent company to its subsidiary.
b. From a subsidiary to its parent company.
c. Between subsidiaries.

Note 3: For the calculation of the transaction amount as a percentage of total consolidated revenue or total assets, in the case of an asset or liability account, the ending balance as a percentage of total consolidated revenue should be calculated; in the case of a profit or loss account, the interim cumulative amount as a percentage of total consolidated revenue should be calculated.

Note 4: The decision whether or not to disclose the significant intercompany transactions was made based on the principle of materiality.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Co-Tech Copper Foil Shanghai Trade Ltd.	Selling of copper foil products	Registered and paid-in capital of US$200	Note 1	$ 6,796	$ -	$ -	$ 6,796	$ (416)	100	$ (416)	$ 2,952	$ -

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$6,796	US$200	$3,590,096 (Note 3)

Note 1: Indirect investment in mainland China through Co-Tech Copper Foil (BVI) Inc.

Note 2: Investment gain (loss) was recognized based on the Company’s audited financial statements.

Note 3: Net assets value x 60% = $5,983,493 x 60% = $3,590,096.

Note 4: The intercompany transactions have been eliminated upon consolidation.

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Co-Tech Copper Foil Shanghai Trade Ltd.	Sale	$ 50,640	1	Normal	90-120 days after monthly billings	No significant difference	$ 31,368	2	-	-

Note: Already eliminated in the consolidated statements.

TABLE 6

CO-TECH DEVELOPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
SONG, GONG-YUAN	13,812,998	5.46

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Appendix B. Standalone Financial Statements

Co-Tech Development Corporation

Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors’ Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Co-Tech Development Corporation

Opinion

We have audited the accompanying financial statements of Co-Tech Development Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matters identified in the Company's financial statements for the year ended December 31, 2023 are as follows:

<u>Occurrence of Revenue</u>

Refer to Note 4 to the accompanying financial statements for disclosures regarding the accounting policies and detailed information on income.

The Company's revenue mainly comes from the production and sale of copper foil. The contribution of customers' sales is highly affected by the demand of the copper foil industry and the fluctuation of international copper prices. Since sales revenue recognized can have a significant impact on the Company's financial performance, the main significant risk of the Company is the occurrence of sales revenue. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to the key audit matter on the occurrence of revenue, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.

2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition and confirmed the occurrence of sales.

3. We selected samples and tested sales transactions of the current year, and we checked the relevant internal and external vouchers and verified the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales returns and discounts and confirmed that sales transactions did occur.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ching-Fu Chang and Yung Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CO-TECH DEVELOPMENT CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,546,920	20	$ 1,643,381	22
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	5,922	-	458	-
Trade receivables (Notes 4 and 8)	1,541,339	19	1,678,640	22
Trade receivables from related parties (Notes 4, 8 and 22)	31,368	-	9,928	-
Other receivables (Note 4)	1,034	-	-	-
Inventories (Notes 4 and 9)	698,555	9	675,661	9
Other current assets	50,431	1	72,402	1
Total current assets	3,875,569	49	4,080,470	54
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	4,420	-	4,891	-
Property, plant and equipment (Notes 4, 11 and 23)	3,891,999	49	3,033,937	40
Right-of-use assets (Notes 4 and 12)	2,295	-	3,677	-
Other intangible assets, net (Note 4)	1,687	-	1,640	-
Deferred tax assets (Notes 4 and 18)	63,831	1	66,973	1
Prepayments for equipment	52,719	1	368,808	5
Refundable deposits	681	-	42,050	-
Other non-current assets	12,948	-	11,791	-
Total non-current assets	4,030,580	51	3,533,767	46
TOTAL	$ 7,906,149	100	$ 7,614,237	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 1,056,595	13	$ 369,276	5
Short-term bills payable (Note 13)	521	-	145,291	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	14,863	-
Trade payables	300,440	4	430,375	6
Other payables (Notes 14 and 22)	371,115	5	404,815	5
Current tax liabilities (Notes 4 and 18)	123,185	1	30,893	-
Lease liabilities - current (Notes 4 and 12)	1,391	-	1,364	-
Current portion of long-term borrowings (Notes 13 and 23)	-	-	55,300	1
Other current liabilities	14,116	-	26,498	-
Total current liabilities	1,867,363	23	1,478,675	19
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	9,814	-	3,547	-
Lease liabilities - non-current (Notes 4 and 12)	933	-	2,324	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	44,546	1	45,019	1
Total non-current liabilities	55,293	1	50,890	1
Total liabilities	1,922,656	24	1,529,565	20
EQUITY				
Ordinary shares	2,525,880	32	2,525,880	33
Capital surplus	1,560,897	20	1,560,897	21
Retained earnings				
Legal reserve	585,189	7	487,583	6
Special reserve	8,146	-	8,244	-
Unappropriated earnings	1,311,599	17	1,510,214	20
Total retained earnings	1,904,934	24	2,006,041	26
Other equity	(8,218)	-	(8,146)	-
Total equity (Note 16)	5,983,493	76	6,084,672	80
TOTAL	$ 7,906,149	100	$ 7,614,237	100

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

CO-TECH DEVELOPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4 and 22)	$ 6,168,166	100	$ 7,407,454	100
OPERATING COSTS				
Cost of goods sold (Notes 9 and 17)	(5,286,459)	(86)	(6,051,321)	(81)
GROSS PROFIT	881,707	14	1,356,133	19
OPERATING EXPENSES (Note 17)				
Selling and marketing expenses	(74,272)	(1)	(79,651)	(1)
General and administrative expenses	(80,589)	(1)	(75,737)	(1)
Research and development expenses	(35,846)	(1)	(45,309)	(1)
Total operating expenses	(190,707)	(3)	(200,697)	(3)
OPERATING INCOME	691,000	11	1,155,436	16
NON-OPERATING INCOME AND EXPENSES				
Interest income	15,857	-	12,610	-
Other income	7,663	-	27,157	-
Other gains and losses (Note 17)	(35,405)	-	(2,616)	-
Finance costs (Notes 4 and 17)	(12,583)	-	(5,296)	-
Share of loss of subsidiaries (Note 4)	(399)	-	(2,384)	-
Total non-operating income and expenses	(24,867)	-	29,471	-
PROFIT BEFORE INCOME TAX	666,133	11	1,184,907	16
INCOME TAX EXPENSE (Notes 4 and 18)	(133,227)	(2)	(217,695)	(3)
NET PROFIT FOR THE YEAR	532,906	9	967,212	13

(Continued)

CO-TECH DEVELOPMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 15)	$ (2,543)	-	$ 8,851	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(72)	-	98	-
Other comprehensive income/(loss) for the year, net of income tax	(2,615)	-	8,949	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 530,291	9	$ 976,161	13
EARNINGS PER SHARE (Note 19)				
Basic	$2.11		$3.83	
Diluted	$2.11		$3.82	

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

CO-TECH DEVELOPMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Issue of Shares Capital Amount	Capital Surplus Additional Paid-in Capital from Share Issuance in Excess of Par Value	Retained Earnings Legal Reserve	Retained Earnings Special Reserve	Retained Earnings Unappropriated Earnings	Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2022	$ 2,525,880	$ 1,560,897	$ 335,777	$ 8,302	$ 1,746,769	$ (8,244)	$ 6,169,381
Appropriation of 2021 earnings							
Legal reserve	-	-	151,806	-	(151,806)	-	-
Reversal of special reserve	-	-	-	(58)	58	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,060,870)	-	(1,060,870)
Net profit for the year ended December 31, 2022	-	-	-	-	967,212	-	967,212
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	8,851	98	8,949
BALANCE AT DECEMBER 31, 2022	2,525,880	1,560,897	487,583	8,244	1,510,214	(8,146)	6,084,672
Appropriation of 2022 earnings							
Legal reserve	-	-	97,606	-	(97,606)	-	-
Reversal of special reserve	-	-	-	(98)	98	-	-
Cash dividends distributed by the Company	-	-	-	-	(631,470)	-	(631,470)
Net profit for the year ended December 31, 2023	-	-	-	-	532,906	-	532,906
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(2,543)	(72)	(2,615)
BALANCE AT DECEMBER 31, 2023	$ 2,525,880	$ 1,560,897	$ 585,189	$ 8,146	$ 1,311,599	$ (8,218)	$ 5,983,493

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

CO-TECH DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 666,133	$ 1,184,907
Adjustments for:		
Depreciation expense	122,016	171,388
Amortization expense	749	747
Net (gain) loss on fair value changes of financial instruments as at fair value through profit or loss	(20,327)	14,405
Finance costs	12,583	5,296
Interest income	(15,857)	(12,610)
Share of loss of subsidiaries	399	2,384
Net gain on disposal of property, plant and equipment	-	(73)
Write-down of inventories	1,457	2,866
Net (gain) loss on foreign currency exchange	(442)	15,477
Gain on lease modification	-	(18)
Other non-cash items	5,726	5,726
Changes in operating assets and liabilities		
Trade receivables	110,775	335,801
Trade receivables from related parties	(31,970)	-
Other receivables	8,288	(4,823)
Inventories	(24,351)	91,564
Other current assets	21,971	2,484
Trade payables	(129,233)	(233,865)
Other payables	(11,323)	(51,499)
Other current liabilities	(12,443)	(3,492)
Net defined benefit liabilities	(3,652)	(2,314)
Cash generated from operations	700,499	1,524,351
Interest received	16,463	12,070
Interest paid	(7,311)	(5,241)
Income tax paid	(30,890)	(488,600)
Net cash generated from operating activities	678,761	1,042,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(656,245)	(813,510)
Proceeds from disposal of property, plant and equipment	-	199
Decrease in refundable deposits	43,105	-
Purchases of intangible assets	(796)	(876)
Increase in other non-current assets	(1,157)	-
Decrease in other non-current assets	-	931
Increase in prepayments for equipment	(39,576)	(290,584)
Net cash used in investing activities	(654,669)	(1,103,840)

(Continued)

CO-TECH DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 719,424	$ -
Repayments of short-term borrowings	-	(8,526)
Repayments of short-term bills payable	(151,843)	(7,375)
Repayments of long-term borrowings	(55,300)	(110,600)
Repayments of the principal portion of lease liabilities	(1,364)	(1,775)
Cash dividends paid	(631,470)	(1,060,870)
Net cash used in financing activities	(120,553)	(1,189,146)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(96,461)	(1,250,406)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,643,381	2,893,787
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,546,920	$ 1,643,381

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

CO-TECH DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Co-Tech Development Corporation (the "Company") was established in May 1998. The Company mainly manufactures and sells standard, low profile and high performance series of copper foil products to supply the printed circuit board industry.

The Company's shares have been traded on the Taipei Exchange (formerly known as Taiwan GreTai Securities Market) since September 2010. Company resolved at the shareholder meeting on June 6, 2014, and changed the registered company name on the same year's June 25.

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on February 23, 2024.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company uses the equity method to account for investments in subsidiary. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between standalone basis and consolidated basis were made to investments accounted for the using equity method and the share of profit or loss of subsidiary, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

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

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

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

Investments in subsidiary is accounted for using the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 21 for the determination of fair value of the financial assets.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 21.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

- Revenue from the sale of goods

  Revenue from the sale of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

<u>The Company as lessee</u>

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

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

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

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 187	$ 188
Checking accounts and demand deposits	696,733	643,193
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	850,000	1,000,000
	$ 1,546,920	$ 1,643,381

The following is the market interest rate range of bank deposits at the end of each reporting period:

	December 31	
	2023	**2022**
Bank deposit	0.001%-1.45%	0.001%-3.00%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2023	**2022**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 5,922	$ 458
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 3,196
Currency swaps	-	11,667
	$ -	$ 14,863

At the end of the reporting period, outstanding foreign exchange forward contracts and currency swaps not under hedge accounting were as follows:

	Currency	**Maturity Date**	**Notional Amount (In Thousands)**
December 31, 2023			
Sell foreign exchange forward contracts	USD/NTD	2024.1.5-2024.1.12	USD10,000/NTD312,272
December 31, 2022			
Sell foreign exchange forward contracts	USD/NTD	2023.1.6-2023.3.24	USD23,250/NTD707,514
Currency swaps	USD/NTD	2023.1.6-2023.1.19	USD7,000/NTD202,832

The Company entered into foreign exchange forward contracts and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting.

8. TRADE RECEIVABLES, NET

	December 31	
	2023	**2022**
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,541,339	$ 1,678,640
Less: Allowance for impairment loss	-	-
	$ 1,541,339	$ 1,678,640

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix: (including related parties)

December 31, 2023

	Not Past Due	**Less Than and Including 60 Days**	**61 to 90 Days**	**91 to 120 Days**	**More Than 121 Days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,572,584	$ 123	$ -	$ -	$ -	$ 1,572,707
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,572,584	$ 123	$ -	$ -	$ -	$ 1,572,707

December 31, 2022

	Not Past Due	Less Than and Including 60 Days	61 to 90 Days	91 to 120 Days	More Than 121 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	$ 1,677,505	$ 1,135	$ -	$ -	$ -	$ 1,678,640
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Net carrying amount	$ 1,677,505	$ 1,135	$ -	$ -	$ -	$ 1,678,640

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ -	$ -
Less: Net remeasurement of loss allowance	-	-
Balance at December 31	$ -	$ -

9. INVENTORIES, NET

	December 31	
	2023	2022
Finished goods	$ 399,993	$ 378,753
Work in progress	37,145	41,724
Raw materials	241,367	233,472
Supplies	20,050	21,712
	$ 698,555	$ 675,661

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 5,285,002	$ 6,048,455
Inventory write-downs	1,457	2,866
	$ 5,286,459	$ 6,051,321

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31			
	2023		2022	
	%	Carrying Amount	%	Carrying Amount
Co-Tech Copper Foil (BVI) Inc.	100	$ 4,420	100	$ 4,891

a. For the Company's ownership of indirect investment in subsidiaries, refer to Note 27.

b. In 2023 and 2022, shares of other comprehensive income and profit or loss of subsidiaries recognized in the financial statements have been audited.

11. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2022							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2022	$ 824,098	$ 1,389,344	$ 5,734,130	$ 42,728	$ 12,166	$ 8,972	$ 752,644	$ 8,764,082
Additions	-	379	34,184	1,898	1,568	372	834,972	873,373
Disposals	-	(23,903)	(33,076)	(198)	(65)	(417)	-	(57,659)
Reclassification	-	-	50,640	-	-	-	(50,640)	-
December 31, 2022	$ 824,098	$ 1,365,820	$ 5,785,878	$ 44,428	$ 13,669	$ 8,927	$ 1,536,976	$ 9,579,796
Accumulated depreciation and impairment								
January 1, 2022	$ -	$ 1,170,688	$ 5,197,841	$ 41,008	$ 10,690	$ 7,829	$ -	$ 6,428,056
Depreciation expense	-	42,978	124,942	672	654	364	-	169,610
Disposals	-	(23,777)	(33,076)	(198)	(65)	(417)	-	(57,533)
Reclassification	-	-	5,726	-	-	-	-	5,726
December 31, 2022	$ -	$ 1,189,889	$ 5,295,433	$ 41,482	$ 11,279	$ 7,776	$ -	$ 6,545,859
December 31, 2022, net	$ 824,098	$ 175,931	$ 490,445	$ 2,946	$ 2,390	$ 1,151	$ 1,536,976	$ 3,033,937

	For the Year Ended December 31, 2023							
	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
January 1, 2023	$ 824,098	$ 1,365,820	$ 5,785,878	$ 44,428	$ 13,669	$ 8,927	$ 1,536,976	$ 9,579,796
Additions	-	1,675	23,276	4,234	68	598	954,571	984,422
Reclassification	-	-	13,526	-	-	-	(13,526)	-
December 31, 2023	$ 824,098	$ 1,367,495	$ 5,822,680	$ 48,662	$ 13,737	$ 9,525	$ 2,478,021	$ 10,564,218
Accumulated depreciation and impairment								
January 1, 2023	$ -	$ 1,189,889	$ 5,295,433	$ 41,482	$ 11,279	$ 7,776	$ -	$ 6,545,859
Depreciation expense	-	42,541	75,893	971	834	395	-	120,634
Reclassification	-	-	5,726	-	-	-	-	5,726
December 31, 2023	$ -	$ 1,232,430	$ 5,377,052	$ 42,453	$ 12,113	$ 8,171	$ -	$ 6,672,219
December 31, 2023, net	$ 824,098	$ 135,065	$ 445,628	$ 6,209	$ 1,624	$ 1,354	$ 2,478,021	$ 3,891,999

Additions to property, plant and equipment included transfer from prepayment of equipment for the year ended December 31, 2023 was $355,665 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	
Main building	11-20 years
Plant construction	3-21 years
Machinery equipment	4-16 years
Transportation equipment	3-6 years
Office equipment	4 years
Other equipment	4-11 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 23.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 1,658	$ 2,563
Transportation equipment	637	1,114
	$ 2,295	$ 3,677

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ -	$ 4,146
Depreciation charge for right-of-use assets		
Buildings	$ 904	$ 1,205
Transportation equipment	478	573
	$ 1,382	$ 1,778

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 1,391	$ 1,364
Non-current	$ 933	$ 2,324

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.990%	1.990%
Transportation equipment	1.865%	1.865%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 305	$ 59
Total cash outflow for leases	$ (1,727)	$ (1,880)

The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases.

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Letter of credit borrowings	$ 278,466	$ 102,447
Bank loans	778,129	266,829
	$ 1,056,595	$ 369,276

The range of weighted average effective interest rates on bank loans was 6.16%-6.491% and 4.92%-5.15% per annum on December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	December 31	
	2023	2022
Bank acceptances	$ 521	$ 145,291

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 521	$ -	$ 521	-	$ -

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Collateral	Carrying Amount of Collateral
Bank acceptances					
Bank SinoPac	$ 36,625	$ -	$ 36,625	-	$ -
Far Eastern International Bank	60,775	-	60,775	-	-
E.SUN Bank	23,761	-	23,761	-	-
Taipei Fubon Bank	24,130	-	24,130	-	-
	$ 145,291	$ -	$ 145,291	$ -	$ -

c. Long-term borrowings

	Maturity Date	Major Clause	December 31 2023	December 31 2022
Floating rate borrowings				
Bank loans	2023.01.11	From January 11, 2018 to 2023, the line of credit of the bank borrowings from Bank SinoPac, secured by the Company's freehold land and buildings, was $340,000 thousand. The grace period is 2 years. After the grace period expires, payments will be made by installments of 6 months, and the principal amount will be amortized in 6 installments.	$ -	$ 55,300
Less: Current portion			-	(55,300)
			$ -	$ -
Interest rate			-%	2.115%

During the term of loan contract, the Company shall maintain the following financial ratios:

1) Current ratio: The ratio of current assets to current liabilities shall not be less than 100%.

2) Debt ratio: The ratio of total liabilities to (shareholders' equity minus intangible assets) shall not be higher than 200%.

3) Net tangible assets shall not be less than $1,700,000 thousand.

The financial ratios are based on the interim and annual consolidated financial statements which have been audited. The Company complies with the financial ratio specifications.

14. OTHER LIABILITIES

	December 31 2023	December 31 2022
Payables for salaries or bonuses	$ 68,378	$ 58,903
Payables for utility	44,969	54,082
Payables for equipment	123,930	151,418
Payables for repair and maintenance	10,875	15,121
Payables for compensation of employees and remuneration of directors	17,080	30,382
Payables for annual leave	11,605	11,765
Others	94,278	83,144
	$ 371,115	$ 404,815

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 71,645	$ 67,392
Fair value of plan assets	(27,099)	(22,373)
Net defined benefit liabilities	$ 44,546	$ 45,019

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2022	$ 76,733	$ (18,337)	$ 58,396
Current service cost			
Net interest expense (income)	384	(96)	288
Recognized in profit or loss	384	(96)	288
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,338)	(1,338)
Actuarial loss (gain)			
Changes in demographic assumptions	382	-	382
Changes in financial assumptions	(8,948)	-	(8,948)
Experience adjustments	(1,159)	-	(1,159)
Recognized in other comprehensive loss (gain)	(9,725)	(1,338)	(11,063)
Contributions from the employer	-	(2,602)	(2,602)
Balance at December 31, 2022	67,392	(22,373)	45,019
Current service cost	-	-	-
Net interest expense (income)	1,011	(357)	654
Recognized in profit or loss	1,011	(357)	654
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(63)	(63)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss (gain)			
Changes in financial assumptions	$ 1,009	$ -	$ 1,009
Experience adjustments	2,233	-	2,233
Recognized in other comprehensive loss (gain)	3,242	(63)	3,179
Contributions from the employer	-	(4,306)	(4,306)
Balance at December 31, 2023	$ 71,645	$ (27,099)	$ 44,546

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

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

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

	December 31	
	2023	2022
Discount rate	1.375%	1.500%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	$ (2,000)	$ (2,021)
0.25% decrease	$ 2,078	$ 2,103
Expected rate of salary increase		
0.25% increase	$ 2,019	$ 2,048
0.25% decrease	$ (1,953)	$ (1,978)

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

	December 31	
	2023	**2022**
The expected contributions to the plan for the next year	$ 16,784	$ 2,865
The average duration of the defined benefit obligation	11.3 years	12.2 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
Number of shares authorized (in thousands)	300,000	300,000
Amount of shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	252,588	252,588
Amount of shares issued	$ 2,525,880	$ 2,525,880

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares and the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition) and donations may be used to offset a deficit. In addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (restricted to a certain percentage of the Company's capital surplus).

Investments accounted for using the equity method, the capital surplus arising from employees' shares and share options may not be used for any purposes.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the accumulated legal reserve is equal to the total capital of the Company, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors refer to compensation of employees and remuneration of directors in Note 17-e.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. In consideration of the funding needs and the degree of diluted earnings per share, the distribution will be made in the form of share dividends or cash dividends. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 19, 2023 and June 21, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 97,606	$ 151,806
Special reserve	$ (98)	$ (58)
Cash dividends	$ 631,470	$ 1,060,870
Cash dividends per share (NT$)	$ 2.5	$ 4.2

17. PROFIT BEFORE TAX

a. Other gains and losses

	For the Year Ended December 31	
	2023	**2022**
Net foreign exchange (losses) gains	$ (52,214)	$ 14,491
Net gain (loss) on fair value changes of financial instruments as at FVTPL	20,327	(14,405)
Net gain on disposal of property, plant and equipment	-	73
Others	(3,518)	(2,775)
	$ (35,405)	$ (2,616)

b. Finance costs

	For the Year Ended December 31	
	2023	**2022**
Interest on bank loans	$ 35,338	$ 11,352
Interest on lease liabilities	58	46
Total interest expense for financial liabilities not measured at fair value through profit or loss	35,396	11,398
Less: Amount included in the cost of qualifying assets	(22,813)	(6,102)
	$ 12,583	$ 5,296

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	**2022**
Capitalized interest amount	$ 22,813	$ 6,102
Capitalization rate	5.15%-6.43%	0.6164%-5.15%

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	**2022**
An analysis of depreciation by function		
Recognized in operating costs	$ 112,490	$ 157,265
Recognized in operating expenses	9,526	14,123
	$ 122,016	$ 171,388
An analysis of amortization by function		
Recognized in operating expenses	$ 749	$ 747

d. Employee benefit expenses

	For the Year Ended December 31	
	2023	**2022**
Post-employment benefits		
Defined contribution plans	$ 10,676	$ 10,866
Defined benefit plans (Note 15)	654	288
	11,330	11,154
Other employee benefits	300,072	305,241
	$ 311,402	$ 316,395
Employee benefit expenses summarized by function		
Recognized in operating costs	$ 237,752	$ 241,809
Recognized in operating expenses	73,650	74,586
	$ 311,402	$ 316,395

e. Compensation of employees and remuneration of directors

The Company distributed compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which have been approved by the Company’s board of directors on February 23, 2024 and February 24, 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	$ 10,248	$ 18,229
Remuneration of directors	$ 6,832	$ 12,153

If there is a change in the proposed amounts after issuance of the annual financial report, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of compensation of employees and the remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	**2022**
Foreign exchange gains	$ 182,331	$ 290,736
Foreign exchange losses	(234,545)	(276,245)
Net gains (losses)	$ (52,214)	$ 14,491

18. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	**2022**
Current income tax expense		
In respect of the current year	$ 124,800	$ 227,066
Adjustments for prior year	(1,618)	(20,463)
	123,182	206,603
Deferred tax		
In respect of the current year	8,427	9,936
Adjustments for prior year	1,618	1,156
	10,045	11,092
Income tax expense recognized in profit or loss	$ 133,227	$ 217,695

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2023	**2022**
Income before income tax	$ 666,133	$ 1,184,907
Income tax expense calculated at the statutory rate	$ 133,227	$ 236,981
Nondeductible items in determining taxable income	-	21
Adjustments for prior year's tax	-	(19,307)
Income tax expense recognized in profit or loss	$ 133,227	$ 217,695

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	**2022**
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plans	$ 636	$ (2,212)

c. Current tax assets and liabilities

	December 31	
	2023	**2022**
Current tax liabilities		
Income tax payable	$ 123,185	$ 30,893

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit (Loss)**	**Recognized in Other Comprehensive Income (Loss)**	**Closing Balance**
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 17,004	$ 80	$ -	$ 17,084
Defined benefit obligations	8,957	(756)	636	8,837
Unrealized loss on inventories	1,888	291	-	2,179
Unrealized foreign exchange losses	8,138	4,997	-	13,135
Valuation losses on financial instruments	2,973	(2,973)	-	-
Revenue recognized	7,974	(92)	-	7,882
Unrealized impairment loss of property, plant and equipment	12,223	(2,304)	-	9,919
Provisions	4,758	(3,083)	-	1,675
Others	3,058	62	-	3,120
	$ 66,973	$ (3,778)	$ 636	$ 63,831

Deferred Tax Liabilities	**Opening Balance**	**Recognized in Profit (Loss)**	**Recognized in Other Comprehensive Income (Loss)**	**Closing Balance**
Temporary differences				
Valuation gains on financial instruments	$ 92	$ 1,092	$ -	$ 1,184
Unrealized foreign exchange gains	3,455	5,175	-	8,630
	$ 3,547	$ 6,267	$ -	$ 9,814

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized losses of foreign subsidiaries	$ 16,527	$ 477	$ -	$ 17,004
Defined benefit obligations	11,649	(480)	(2,212)	8,957
Unrealized loss on inventories	7,453	(5,565)	-	1,888
Unrealized foreign exchange losses	3,526	4,612	-	8,138
Valuation losses on financial instruments	-	2,973	-	2,973
Revenue recognized	15,976	(8,002)	-	7,974
Unrealized impairment loss of property, plant and equipment	15,942	(3,719)	-	12,223
Provisions	5,232	(474)	-	4,758
Others	2,954	104	-	3,058
	$ 79,259	$(10,074)	$ (2,212)	$ 66,973

Deferred Tax Liabilities	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Valuation gains on financial instruments	$ 1,274	$ (1,182)	$ -	$ 92
Unrealized foreign exchange gains	1,255	2,200	-	3,455
	$ 2,529	$ 1,018	$ -	$ 3,547

e. Income tax assessments

The Company’s tax returns through 2021 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	$ 532,906	$ 967,212
Effects of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 532,906	$ 967,212

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	252,588	252,588
Effects of potentially dilutive ordinary shares:		
Compensation of employees	213	424
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	252,801	253,012

The Company may settle the bonuses or remuneration paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the bonus or remuneration will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative instruments	$ -	$ 5,922	$ -	$ 5,922

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 458	$ -	$ 458
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 14,863	$ -	$ 14,863

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial assets at FVTPL - Currency swaps	Discounted cash flow. Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.

b. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 5,922	$ 458
Financial assets at amortized costs (1)	3,121,342	3,373,999
Financial liabilities		
FVTPL		
Held for trading	-	14,863
Amortized cost (2)	1,631,608	1,304,007

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, other payables, and long-term loans (including current portion of long-term borrowings).

c. Financial risk management objectives and policies

The Company’s major financial instruments include notes receivable and trade receivables, other receivables, refundable deposits, short-term bills payable, trade payables, other payables, and loans. The Company’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Company’s policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a foreign exchange forward contracts to manage its exposure to foreign currency risk.

There has been no change to the Company’s exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company’s had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Notes 7 and 24.

Sensitivity analysis

The Company was mainly exposed to the fluctuation of the U.S. dollar.

The following table details the Company’s sensitivity to a 5% increase and decrease in the New Taiwan dollar against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management’s assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening against the relevant currency. For a weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ 21,938	$ (1,196)

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 850,000	$ 1,000,000
Financial liabilities	521	145,291
Cash flow interest rate risk		
Financial assets	696,731	684,595
Financial liabilities	1,056,595	424,576

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,799 thousand and $1,300 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets; and the maximum amount the entity would have to pay if the financial guarantee is called upon.

The receivables from major customers amounted to $1,095,418 thousand and $1,084,554 thousand, which both accounted for more than 40% of total trade receivables as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 420,264	$ 118,640	$ 132,651	$ -	$ -
Lease liabilities undiscounted	119	237	1,067	940	-
Debt instruments	311,245	594,361	160,492	-	-
	$ 731,628	$ 713,238	$ 294,210	$ 940	$ -

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,423	$ 940	$ -	$ -	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 542,785	$ 174,182	$ 118,223	$ -	$ -
Lease liabilities undiscounted	119	237	1,067	2,362	-
Debt instruments	543,301	27,376	-	-	-
	$ 1,086,205	$ 201,795	$ 119,290	$ 2,362	$ -

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 1,423	$ 2,362	$ -	$ -	$ -	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Net settled			
Foreign exchange forward contracts			
Outflows	$ (341)	$ (194)	$ -
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 145,029	$ 289,358	$ -
Outflows	(145,683)	(291,365)	-
	$ (654)	$ (2,007)	$ -
Currency swaps			
Inflows	$ 203,023	$ -	$ -
Outflows	(214,690)	-	-
	$ (11,667)	$ -	$ -
	$ (12,321)	$ (2,007)	$ -

c) Financing facilities

	December 31	
	2023	2022
Amount unused	$ 4,421,884	$ 4,510,433

22. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions with related parties are disclosed as follows:

a. Related parties and category

Related Parties	Relationships with the Company
CO-TECH COPPER FOIL (BVI) INC.	Subsidiary
Co-Tech Copper Foil Shanghai Trade Ltd.	Subsidiary

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Sales	Co-Tech Copper Foil Shanghai Trade Ltd.	$ 50,640	$ -

The terms of the transactions of the Company and related parties were agreed by both parties.

c. Receivables from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Trade receivables	Co-Tech Copper Foil Shanghai Trade Ltd.	$ 31,368	$ -

The outstanding trade receivables from related parties are unsecured. For the year ended December 31, 2023, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Other payables	Co-Tech Copper Foil Shanghai Trade Ltd.	$ 26	$ 53

e. Compensation of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 25,058	$ 45,645
Post-employment benefits	1,266	1,260
	$ 26,324	$ 46,905

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31 2023	2022
Land	$ 345,346	$ 345,346
Buildings, net	76,877	82,790
	$ 422,223	$ 428,136

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

a. Unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2023	2022
USD	$ 8,505	$ 14,094
JPY	63,018	167,018

b. Unrecognized commitments for the acquisition of property, plant and equipment were as follows:

	December 31	
	2023	2022
USD	$ 2,732	$ 3,272
NTD	816,216	1,198,211
JPY	63,018	208,598
CNY	18,546	19,901

25. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the global economy is still facing high risks and uncertainties. The Company's operating revenue was $6,168,166 thousand and $7,407,454 thousand in 2023 and 2022, respectively. The Company's operating revenue was 17% lower than the same period of 2022. The net income was $532,906 thousand and $967,212 thousand, respectively. The net income was 45% lower than the same period of 2022. The amount of EPS was $2.11 and $3.83, respectively. The Company's operations were normal, and there was no asset impairment or financing risk due to the epidemic in 2023 and 2022.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Company's functional currency, and the exchange rates between the respective foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 58,083	30.635 (USD:NTD)	$ 1,779,380
CNY	10,362	4.3247 (CNY:NTD)	44,815
Non-monetary items			
Derivative instruments			
USD	10,000	30.635 (USD:NTD)	5,922

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 44,414	30.635 (USD:NTD)	$ 1,360,618

(Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 60,549	30.6700 (USD:NTD)	$ 1,857,046
CNY	4,648	4.4187 (CNY:NTD)	20,539
Non-monetary items			
Derivative instruments			
USD	5,000	30.6700 (USD:NTD)	458
Financial liabilities			
Monetary items			
USD	31,080	30.6700 (USD:NTD)	953,211
Non-monetary items			
Derivative instruments			
USD	25,250	30.6700 (USD:NTD)	14,863

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Functional Currency	**Functional Currency Exchanged to Presenting Currency**	**Net Exchange Gain or Loss**	**Functional Currency Exchanged to Presenting Currency**	**Net Exchange Gain or Loss**
NTD	1 (NTD:NTD)	$ (52,214)	1 (NTD:NTD)	$ 14,491

27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investments in subsidiaries): None.

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

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: (Table 1).

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: See Note 7 to the financial statements.

b. Information on investees: (Table 2).

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 3).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 4).

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5)

CO-TECH DEVELOPMENT CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Co-Tech Development Corporation	Property, plant and equipment engaging others to build on own land	July 5, 2021	$ 900,000	$ 759,610	Rui Ying Contractor Co., Ltd.	Non-related party	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Manufacturing and operating purpose	None

CO-TECH DEVELOPMENT CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net (Loss) Income of the Investee	Share of (Loss) Profit of Investee	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Co-Tech Development Corporation	CO-TECH COPPER FOIL (BVI) INC.	Virgin Islands	Investment activities	$ 113,683	$ 113,683	3,500,002	100	$ 4,420	$ (399)	$ (399)	Subsidiary

Note: Refer to Table 3 for information on investments in mainland China.

TABLE 3

CO-TECH DEVELOPMENT CORPORATION

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
CO-TECH COPPER FOIL SHANGHAI TRADE LTD.	Selling of copper foil products	Registered and paid-in capital of US$200	Note 1	$ 6,796	$ -	$ -	$ 6,796	$ (416)	100	$ (416)	$ 2,952	$ -

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$6,796	US$200	$3,590,096 (Note 3)

Note 1: Indirect investment in mainland China through CO-TECH COPPER FOIL (BVI) INC.

Note 2: Investment gain (loss) was recognized based on the Company’s audited financial statements.

Note 3: Net assets value x 60% = 5,983,493 x 60% = 3,590,096

TABLE 4

CO-TECH DEVELOPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Co-Tech Copper Foil Shanghai Trade Ltd.	Sale	$ 50,640	1	Normal	90-120 days after monthly billings	No significant difference	$ 31,368	2	$ -	-

TABLE 5

CO-TECH DEVELOPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
SONG, GONG-YUAN	13,812,998	5.46

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.