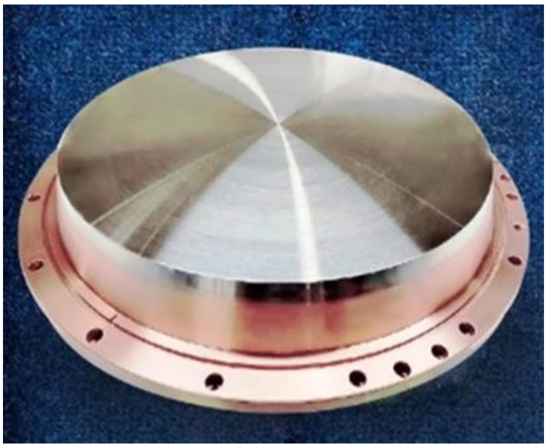
Stock Code: 3663

ThinTech Materials

ThinTech Materials Technology Co., Ltd.

2023 Annual Report




Published on February 29, 2024

Website where information is declared and annual report is inquired:

1. MOPS: http://mops.twse.com.tw
2. Website of the Company: http://www.e-ttmc.com.tw

Notice to readers：
This English-version annual report is a translation of the Chinese version. IF There is any discrepancy between the English and Chinese, the Chinese version shall prevail.

I. Name, title, TEL and e-mail of the Company's spokesperson and deputy spokesperson:

Name of spokesperson	:	Pan, Yung-Tsun	Name of acting spokesperson	:	Lin, Ching-Chun
Job title	:	President	Job title	:	Vice President
TEL	:	(07) 695-5149	TEL	:	(07) 695-5149
E-mail	:	ttmc@e-ttmc.com.tw	E-mail	:	ttmc@e-ttmc.com.tw

II. Address and TEL of headquarters, branch and factory:

Headquarters: 820687, 8F-4 Floor, No. 140, Chungshan North Road, Kangshan District, Kaohsiung City TEL: (07)695-5125
Branch: 821011, No. 1, Luke 8th Road, Luchu District, Kaohsiung City (mailing address) TEL: (07)695-5125

III. Name, address, website and TEL of stock transfer agency

Name: Stock Agent Department of KGI Securities Co., Ltd.
Address: 5F, No. 2, Section 1, Chungching South Road, Taipei
Website: http://www.kgi.com.tw
TEL: (02) 2314-8800

IV. Names of CPAs for the financial report in the most recent year as well as firm name, address, website and TEL:

CPAs: Wang, Chao-Chun and Kuo, Lee-Yuan
Name of accounting firm: Deloitte & Touche
Address: 3F, No.88 Chengkung Second Road, Chienchen District, Kaohsiung City
Website: http：//www.deloitte.com.tw
TEL: (07)530-1888

V. Name of the place where overseas securities are listed for trading and method to inquire after the information of such overseas securities: None

VI. Website of the Company: http://www.e-ttmc.com.tw

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Dear Shareholders,

The global economic growth rate in 2023 is lower than that of the previous year (2022), mainly due to the continued pressure of international inflation and interest rate hikes, the slowdown of the Chinese economy, the reemergence of the U.S.-China technological disputes, the stalemate of the U.S.-Russia war, the Israeli-Palestinian conflict, etc., the intensification of the external risks of geopolitics and geo-economics, as well as the increasing impacts of global climate change, etc., and other downside risks, coupled with the global economy is subjected to the impacts of sluggish demand in end-markets and the adjustments of the inventories of the industry, making the economic growth momentum slower. In addition, the global economy was affected by sluggish demand in the end markets and adjustments in industrial inventories, which slowed down economic growth. In addition, as the U.S. economy was stronger than expected, the market not only kept speculating when the U.S. Federal Reserve was going to cut interest rates, but also worried about whether the U.S. economy would really have a soft landing.

Domestic demand was strong, but investment and exports were weak. This was mainly due to the continued downturn in international commodity trade, which posed a serious challenge to foreign trade-oriented growth economies. In the post-epidemic period, the Company's silver sales volume returned to the pre-epidemic level, and precious metals revenue performance was still slightly lower than last year (2022). In the first half of 2023, low demand in the panel market caused the panel industry to reduce purchases by destocking inventory, and in the second half of the year, although there was a rebound in inventory, it was still not as expected, resulting in a decline in panel target revenue. In response to the impact of the macro-environmental industry downturn, the Company not only dynamically optimized its product portfolio, but also continuously increased its efforts to reduce costs and increase efficiency, and continued to promote targets for optical discs, special alloys, biomedical composites, and semiconductor materials, in an effort to stabilize operating profitability.

The Company is fully committed to promoting Corporate Governance 3.0 - the blueprint for sustainable development, planning for ESG short, medium and long-term goals, continuously compiling "Sustainability Report" to disclose relevant information, implementing greenhouse gas inventories, promoting a circular economy, and constructing an energy-saving and friendly environment, and is committed to the sustainable development of the enterprise, and has been awarded the 2023 year of the Occupational Safety and Health Administration of the Ministry of Labor's commendation of the "Outstanding Enterprise for Disclosing the Performance Indicators on Occupational Health and Safety in the Corporate Sustainability Report" for two consecutive years. "The award has been granted for two consecutive years. In addition, the Company has always emphasized on corporate governance, corporate social responsibility and integrity management. In the ninth edition of the Corporate Governance Assessment (2022) announced in 2023, the Company was ranked in the second tier (6%~20%) of all listed companies, which demonstrates that the Company has spared no effort in the promotion of sustainable management.

I. Business and financial situation in 2023

1. Analysis of business status and profitability

Consolidated revenue for FY2023 was NT$2,405,119 thousand, a decrease of 4.8% from FY2022's NT$2,527,367 thousand; consolidated net income after tax was NT$39,568 thousand, a decrease of 51.7% from FY2022's NT$82,003 thousand; and after-tax earnings per share for FY2023 were NT$0.54. The main reason was the slowdown in end-use demand, which was not as favorable as expected in the second half of fiscal year 2023, and the sharp rise in the Taiwan dollar in Q4 due to the fermentation of the US dollar interest rate cut issue, which resulted in a significant decrease in foreign exchange and valuation gains compared to last year, thus affecting the net income performance for the period.

Individual net revenue for FY2023 was NT$2,221,090 thousand, a decrease of 2.95% from FY2022's NT$2,288,609 thousand, and individual net income after tax was NT$39,568 thousand, a decrease of 51.7% from FY2022's net income after tax, with the reasons for the difference in net income being as described above.

The consolidated and standalone financial data are listed below:

1. Consolidated financial statements Unit: NT$ thousand

Item	December 31, 2023	December 31, 2022	Increase/Decrease amount	Increase/Decrease (%)
Net operating revenue	2,405,119	2,527,367	(122,248)	(5)%
Gross profit	197,970	227,824	(29,854)	(13)%
Net operating income	48,052	84,886	(36,834)	(43)%
Non-operating income and expenses	3,030	18,601	(15,571)	(84)%
Net Income Before Tax	51,082	103,487	(52,405)	(51)%
Net income after tax	39,568	82,003	(42,435)	(52)%

2. Standalone financial statements Unit: NT$ thousand

Item	December 31, 2022	December 31, 2021	Increase/Decrease amount	Increase/Decrease (%)
Net operating revenue	2,221,090	2,288,609	(67,519)	(3)%
Gross profit	175,631	186,454	(10,823)	(6)%
Net operating income	48,868	73,256	(24,388)	(33)%
Non-operating income and expenses	2,214	30,231	(28,017)	(93)%
Net Income Before Tax	51,082	103,487	(52,405)	(51)%
Net income after tax	39,568	82,003	(42,435)	(52)%
Basic EPS after tax (NT$)	0.54	1.12	(0.58)	(52)%

2. Research and development (R&D)

In 2023, the Company will focus on the development of semiconductor target technology and strategic product development, as well as improving the quality of aluminum targets for the panel industry, and expanding the development of special alloys and the raw material cycle. In terms of intellectual property, we continue to promote patent management, trade secret management, and copyright management and protection measures to improve and implement the management of intellectual property rights. With the development of semiconductor targets and special alloys, as well as the development of recycling and refining technologies, we hope to achieve sustainable development of our technologies, and to complete the beautiful research and development results by 2023, of which the major projects are described as follows.

1. The development of “3 new” products, ie. the new produts, the newly applicable products, and the newly processed products which passed the customer trials and got orders were completed for a total of 3 items, and the development of strategic new products was completed for a total of 2 items. We have refined the aluminum target manufacturing process for TFT-LCDs. In addition to improving product quality and increasing product yield, we continue to evaluate new sources of materials.

2. Continuously invested in the technological development of high-purity aluminum alloy, titanium, copper, and tantalum targets for wafer-level semiconductors, and established optimal process methods and operating parameters for heat engine and diffusion bonding. At the same time, we are developing effective supply chain integration and low-cost manufacturing processes to accelerate semiconductor customer certification, and to strive for and establish mass production capabilities, so as to enhance our product competitiveness.

3. Continuously promote special alloy related products, provide cost-effective radiant tubes, acid-wash resistant hooks, and integrated supply chain services to expand localized supply; and develop low expansion alloy large-size sheet to become the only supplier of carrier plates for fan-out panel-level packaging.

4 Establishment of the elmting process technology for copper scrap target, which includes pre-

treatment of copper scrap targets, melting, degassing, etc. We will continue to build low-oxygen and casting process technology, and focus on raw material economic recycling process technology to extend the life of raw materials and reduce carbon emissions.

II. Summary of 2024-year business plan and future company development strategy

The World Bank released the "Global Economic Prospects" report, predicting that global gross domestic product (GDP) will grow by 2.4% this year, slowing down for the third consecutive year. If the severe contraction during the epidemic is not taken into account, this year will be the first year since the Lehman Financial, the weakest year for the global economy since 2008, and the continued economic downturn in China will seriously affect the entire East Asia region. Economists and experts believe that the impact of tightening monetary policy will not be felt until this year, and the possibility of a technical economic recession cannot be ruled out.

"Taiwan Economic Research Institute" reported that the industrial chain adjustment and inventory destocking have come to end. The high base period has passed. Taiwan's export orders and exports have bottomed out and have turned positive. In addition, the use of emerging technologies has further boosted semiconductor demand. It is expected that global semiconductors will be blooming this year and sales are expected to resume growth, which will help drive Taiwan's foreign trade performance to recover. However, the global economy will still face many challenges, including whether the U.S. consumption momentum is sustained, inflation, central bank monetary policies and raw material price trends, geopolitics, and climate abnormalities, etc. These factors will also affect Taiwan's economic and trade performance.

Due to the destocking in panel industry in the first half of 2023, it directly affected the target sales. Although there was recovery in the second half of this year, it was not as good as expected. Therefore, shipments of panel targets this year (2024) still need to be treated with attention. Currently, we are also actively exploring and engaging new customers in other field. In terms of new application fields, we continue to develop targets and evaporation materials for for semiconductor appication, focusing on the application of 5G and automotive semiconductor components. It is expected that semiconductor metal materials inwill account for revenue in 2024 and will continue to grow. In response to changes in external environmental risks, the 2024-year operating policy is planned: "Digital transforming in manufacturing to improve competitive strength; expanding tolling business to promote strategic alliances; promoting specialty alloys to maximize the group's synergy; developing advanced technology to cultivate growth potential; innovatievely recycling raw materials to move towards net-zero carbon emissions”. The implementation strategies are formulated as follows based on the above-mentioned operating principles to continuously strengthen the company's management and governance, ensure the rights and interests of shareholders, and achieve sustainable development of the company's operations.

1. Production and manufacturing information are transformed into digitalization, integrated and applied to integrated manufacturing process and automation, thus reducing heavy labor and improving production efficiency.
2. Keep abreast of the trends of various raw materials, optimize the procurement model and the production and sales process, to cut costs and increase efficiency.
3. Increase the types of optical discs and panel targets for sale, consolidate the local market, and actively expand the Japanese and China’s markets.
4. Increase the volume and capacity of metal and ceramic targets and optimize equipment and production technologies to improve company profits.
5. Develop special alloy products, serve clients in the optoelectronic and the metal industries, and increase gross profits.
6. Improve the manufacturing technology of semiconductor targets and evaporation materials and increase the ratio of the revenue from semiconductor targets and evaporation materials to the total revenue.
7. Integrate the Group, the government, academia, and the research circle’s resources, establish core technology for semiconductor targets, and enhance competitive advantage.

8. Establish subsidiaries' local supply chains, optimize product mixes, improve quality, cut costs and improve efficiency, and contribute to profits.
9. Deepen the belief in quality, advance the development of new products, new applications and new processes at the same time, provide value-added services, and create value for clients.
10. Innovate recycled materials, commit to energy conservation and carbon reduction, develop green products, follow international trends, and move towards net-zero carbon emissions.

The company continues to develop new niche products and new application fields, optimizes its product portfolio, reengineers and optimizes processes, and improves production efficiency. It also integrates government, China Steel Corp. Group and academic research resources to establish core technologies and expand domestic and overseas market revenue. In addition, through vertical integration to expand the group's synergy of specialty alloys, expand the future application areas of products, and improve operational synergies and long-term competitiveness.

Finally, on behalf of the Company, I would like to express my gratitude to all shareholders for their long-term support, and wish all shareholders good health and all the best.

Chairman:
Chao-Hsiang Lee

President:
Yeong-Tsuen Pan

Two. Company Profile

I. Date of incorporation

ThinTech Materials Technology Co., Ltd. (hereinafter referred to as “TTMC”) was incorporated on March 29, 2000 by a forward-looking institutional shareholders with a passion for special alloys and optoelectronic thin film materials with the China Steel Group’s resources. With the mission to provide high-quality special alloys and the management team’s expertise in material techniques, the Company has earned downstream clients’ great trust and support since it was established. The application markets include various coating materials for photorecording, displays, passive components, microelectronics/semiconductors, optical components, tools/decoration, biotechnology and quartz crystals. Furthermore, TTMC's alloy customization, manufacturing capabilities, and recycling system allow us to supply targets with high applicability and high economic benefits at a low cost. Regarding business management, with downstream clients’ strict requirements for quality, TTMC aims to create a new vision of material application with the China Steel Group’s strong material technical support to provide clients with complete after-sales services.

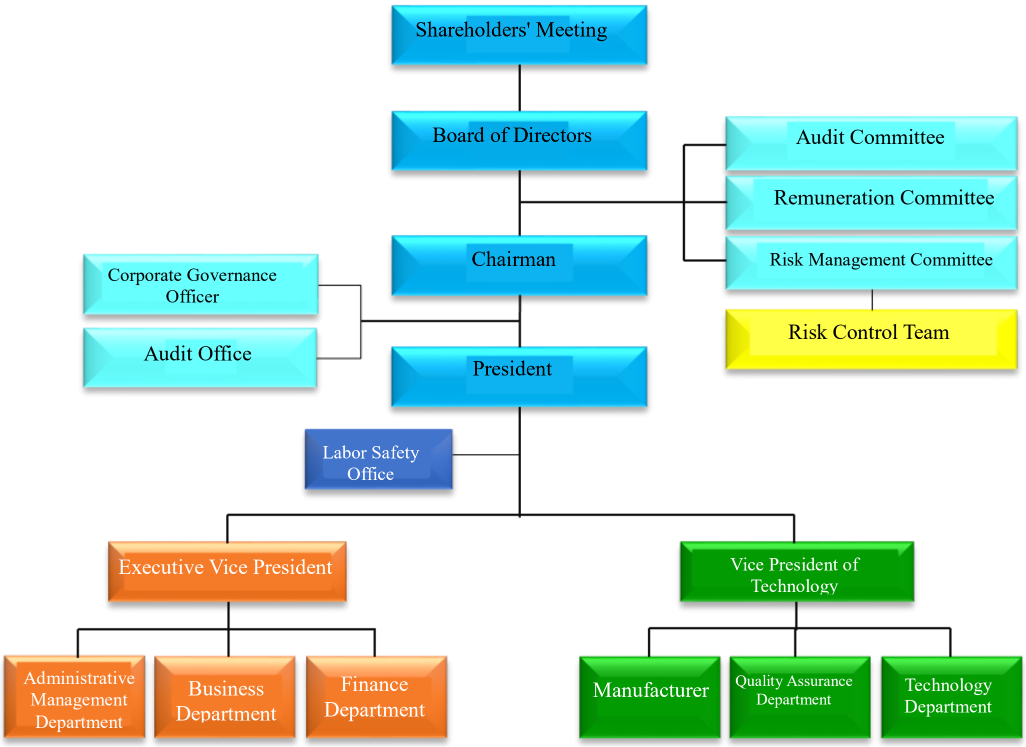
II. Company history

March 2000	Registered the incorporation.
March 2001	Conducted a cash capital increase by issuing 3,830 thousand shares, with the paid-in capital after the capital increase reaching NT$88,304 thousand, and Gains Investment Corp.obtained the management right.
October 2006	Passed ISO 9001 certification.
February 2008	Passed ISO 14001 certification.
June 2008	Passed OHSAS 18001 certification.
September 2009	Passed ISO 9001: 2008 certification.
May 2010	Successfully adopted the aluminum alloy targets in the touch panel industry and mass produced it after passing clients' certification. Won the Gold Medal of the National Invention Awards for our silver alloy targets.
November 2010	Successfully passed IECQ QC 080000 certification.
February 2011	Officially had the stock listed on the emerging stock market. Established Thintech Global Limited in Samoa during the same period.
June 2011	Won the Executive Yuan’s Outstanding Optoelectronic Product Award for our aluminum targets for LCD panels.
July 2012	Passed ISO 17025 TAF certification in the field of chemical testing.
November 2012	Officially had the stock listed on Taipei Exchange. Developed dielectric targets for Blu-ray Disc and passed clients’ certification.
September 2013	Adopted the Authorized Economic Operator (AEO) certification.
May 2014	Won the Silver Medal of the National Invention Awards for our aluminum targets for LCD panels.
November 2014	Passed IECQ QC 080000: 2012 certification.
February 2015	Developed an improved approach to the flat die forging forming uniformity and obtained a R.O.C. patent certificate.
March 2015	Developed jointed tubular sputtering targets and its manufacturing method and obtained a R.O.C. patent certificate.
May 2015	Developed low-oxygen pure titanium targets for optoelectronics industry and won the 18th Outstanding Optoelectronic Product Award in June 2015.
July 2015	Developed the manufacturing method of chalcogen alloy materials without sulfur under high vapor pressure and obtained a R.O.C. patent certificate.
July 2016	Passed ISO 14001: 2015 certification.
September 2017	Passed ISO 9001: 2015 certification.
July 2018	Passed IECQ QC 080000: 2017 certification.
December 2018	Developed equipment consumables for the aviation field, passed clients’ verification, and began mass production.
March 2019	Developed high-nickel superalloy pickling-resistant hooks and began mass production and sales.
July 2019	Developed metal materials for semiconductor evaporation and began mass production and sales; passed ISO 45001: 2018 certification.
September 2019	Began mass production and sales of silver targets for the crystal oscillator industry.
November 2019	Passed ISO 17025: 2017 certification.
March 2020	Targets for semiconductor packaging and testing passed clients’ certification and began mass production and sales.

April 2020	Completed the delivery of the samples of NiV, Ag, and Ti targets for wafer thinning in the middle of the semiconductor process.
June 2020	Developed the components of large panel peripherals and began mass production and sales.
December 2020	Completed the first stage of on-machine verification (OMV) of NiV targets for domestic wafer thinning in the middle of the semiconductor process.
December 2020	Adopted the vacuum-based continuous casting process facilities.
December 2020	Named an excellent business for Promoting Gender Equality in Employment by the Southern Taiwan Science Park Bureau, Ministry of Science and Technology.
May 2021	Was qualified as a supplier of the second-generation semiconductor foundry.
June 2021	Passed the OMV of our domestic second-generation compound Au targets and was qualified as a supplier of the targets.
July 2021	New dielectric targets for the optical disc industry passed certification and began mass production.
August 2021	Passed the domestic audit of NiV and Ag targets for wafer thinning in the middle of the semiconductor process.
August 2021	Was qualified as a supplier for the wafer thinning plants in the middle of the semiconductor process.
September 2021	Prepared the first 2020 Corporate Social Responsibility (CSR) report.
October 2021	Successfully introduced the semiconductor-grade Ag slug into a local supply chain of a domestic wafer thinning plant.
December 2021	Passed the certification of our second-generation semiconductor Au evaporation materials and was qualified as a supplier of the materials.
January 2022	Passed the certification of the mass production by Ni/Ti evaporation materials of GaAs second generation semiconductor customers.
January 2022	Passed the certification of aluminum alloy target for SiC third generation semiconductor customers and was qualified as a supplier of the materials.
May 2022	Obtained the qualification of making souvenirs of Chinasteel annual shareholders' meeting.
August 2022	Passed the certification of domestic semiconductor mid-end wafer thinning evaporation materials and consumables and began mass production.
September 2022	Won the 2022 commendation and award from the Occupational Safety and Health Administration, Ministry of Labor for “Enterprise Sustainability Report Public Occupational Health and Safety Indicator Evaluation - Top-performing Enterprise”.
December 2022	Developed carrier materials for fanout packaging and began mass production and sales.
December 2022	Entered boron neutron capture therapy equipment material supply in the field of biomedical materials.
January 2023	Approved for issuance of the third domestic secured convertible corporate bonds.
May 2023	IATF 16949:2016 automotive industry quality management system certification.
June 2023	The shareholders' meeting approved the acquisition of 70% equity of Changzhou China Steel Precision Forging Materials Co., Ltd. in consideration of cash and new ordinary shares.
September 2023	Awarded the 2023 Occupational Safety and Health Administration of the Ministry of Labor's commendation and award of the enterprise sustainability report public occupational health and safety indicator evaluation - Outstanding Enterprise.
November 2023	The third domestic guaranteed conversion of corporate bonds was converted into 3,236 shares, and the paid-in capital after conversion was 735,012 thousand yuan.

I. Organization

1. Organizational chart:



2. Main business of each department:

Department	Main duties
Administrative Management Department	1. Coordinate the establishment of the Company's human resources information, purchase labor and health insurance, manage attendance, leave, and recruitment, and carry out recruitment, selection, education, employment, and retention processes in alignment with the payroll cycle. 2. Plan, report, and offer employee education and training. 3. Establish and maintain the Company's information system to maintain obstacle-free computerized operations and comprehensively plan, implement, and manage the Company's information strategies and plans, to optimize the information system structure and information management efficiency; engage information security supervisors and management personnel to coordinate network/system security management, system enhancement and configuration management, data center/physical security management to duly implement information security management. 4. Manage employee group insurance and catering, maintain environmental landscape, establish public relations with society and schools, and handle other general affairs.
Finance Department	1. Manage accounting, taxation, budget preparation, and capital movement. 2. Manage the Company's cost calculation, planning, and control, and prepare accounting reports. 3. Handle affairs related to corporate governance, the Board of Directors, and functional committees as well as information to investors, serve shareholders, and handle affairs related to shareholders' meetings. 4. Evaluate and implement the establishment or dissolution of investees, supervise their operations, and analyze and provide suggestions about their operating performance.
Business Department	1. Accept and review orders, understand clients' needs through visits and negotiations with them, and strive for more orders. 2. Track and confirm product shipments, and conduct regular customer satisfaction surveys and reports. 3. Market and customer demand surveys, and product feasibility assessment, while establishing product quotation information. 4. Collect environmental protection regulations and customer environmental requirements from different countries and regions, and pass them to the Quality Assurance Department for integration; convey the company's environmental protection-related information to customers. 5. Coordinate the company's purchase of raw materials, equipment, projects and commodities, and manage and file the search, comparison, evaluation and assessment of suppliers. 6. Explain to suppliers the responsibilities and obligations of TTMC for the green product assurance system, and request a non-use certificate (recognition stage and mass production stage) to ensure that the products they provide comply with standards and control measures.

Department	Main duties
Production Plants	1. Plan and control the production, delivery, and yield rate of various products, and formulate quality of operating standards, and amend and maintain them. 2. Scheduling of raw material transport vehicles in the factory, regular inspection, maintenance, operation and maintenance of various production equipment. 3. Schedule outsourced production processes, follow up on progress, control quality, and manage accounts payables; regularly audit and evaluate outsourced subcontractors. 4. Manage the inventories of various raw materials, regularly take inventory of raw materials, and hold inactive stock review meetings. 5. Cooperate with the development unit in new product development and production operations. 6. Standardize the use of recyclable raw materials in production to ensure that they comply with environmental management material standards.
Technology Department	1. Develop new products, control progress, develop and adopt production technology, machine tools, and jigs. 2. Review process improvement, put forth proposals and suggestions, as well as communicate and reply to clients' technical questions about our products. 3. Standardize parts specifications (including blueprints) to restrict the use of restricted substances; test the content of and evaluate various restricted substances in the sample evaluation stage. 4. Provide the Quality Assurance Department with product environmental review materials before the mass production of each product. 5. Analyze restricted substances from raw materials, semi-finished goods to finished products in the case of non-conformance. 6. Take the initiative to submit any production materials for inspection if there is a doubt that they do not meet the restricted substances standards.
Quality Assurance Department	1. Lead the internal audit and the external verification of our quality systems, including the implementation and maintenance of the ISO 9001 quality management system, the QC 080000 hazardous substance management system, and the ISO 17025 laboratory quality management system, and the IATF16949 automobile quality management system. 2. Formulate the hazardous substance free (HSF) HSF management standards as per the Restriction of Hazardous Substances (RoHS), Green Partner (GP), and clients' requirements, and align our operations with the requirements in clients' quality system audits and relevant quality document operations to meet their needs. 3. Ensure the implementation of the modification, documentation, sign-off, release, and return of documents in the management system through the operations of the document management center. 4. Investigate, analyze, and follow up on the improvement to client complaints and customer service cases. 5. Operate and maintain analytical instruments in the labs and review and archive various instrument calibration reports. 6. Randomly inspect and analyze raw materials, semi-finished goods, and finished products and handle any issues. 7. Ensure the implementation of production units' voluntary inspections and quality awareness through assembly line inspections and audits.
Audit Office	Reporting to the Board of Directors, it is responsible for assisting the Board of Directors in reviewing and auditing the deficiencies of the internal control system and measuring the effectiveness and efficiency of the operations, providing timely recommendations to the managers for improvement, including the effectiveness and completeness of the internal control system,looking for deviations from the objectives and behaviors that may result in losses, making appropriate reports and recommendations and tracking the improvements in order to ensure that the internal control system is continuously and effectively implemented.
Labor Safety Office	1. Is responsible for the launch, planning, supervision, and maintenance of the ISO 14001 environmental management system and the ISO 45001 occupational safety and health management system and provide clients with the environment, safety, and health requirements. 2. Is responsible for filing reports on, changing, supervising, and planning improvement to relevant environmental protection business, such as air pollution control, water pollution control, waste control, and toxic chemicals control management. 3. Is responsible for filing reports on, changing, supervising, and planning improvement to employee health management, safety and health, disaster prevention and control.

II. Information on directors, the President, Vice Presidents, and the heads of various departments and their remuneration:

1. Directors:

(1) Information on directors

Feb. 29, 2024; unit: shares

Job title	Nationality or place of registration	Name	Gender/Age (Note 1)	Date elected/Term of office/Date first elected	Shareholding when elected	Number of shares currently held	Current shareholding of spouse or minor children	Shareholding by nominee arrangement	Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers or directors	Remarks (Note 4)
					Number of shares/Shareholding	Number of shares/Shareholding	Number of shares/Shareholding	Number of shares/Shareholding			Job title/Name/Relations	
Chairman (Note 3)	R.O.C	Gains Investment Corp.	-	2023.06.16 3 years 2001.03	23,423,016 31.86%	23,423,016 31.86%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative: Huang, Chung-Chia	Male 61–70 years old	2023.06.16 3 years 2020.02.29	0%	0%	None	None	Master of EMBA, National Sun Yat-sen University Chairman, TTMC Representative of the director, China Steel Structure Co.,Ltd. President, Dragon Steel Co., Ltd. Assistant Vice President, Technical Department, China Steel Corporation	Retired on October 31, 2023	None	None
		Representative: Lee ,Chao-Hsiang	Male 61–70 years old	202306.16 3 years 2023.11.01	0%	0%	None	None	Department of Metallurgical and Materials Engineering, National Cheng Kung University President, Dragon Steel Co., Ltd. Representative of the director, China Assistant Deputy General Manager of Production Department of China Iron and Steel Corporation	Chairman, TTMC Chairman of the Steel Structure Association of the Republic of China Director of the Chinese Society of Mining and Metallurgical Engineering, a corporate body	None	None
Director (Note 4)	R.O.C	Gains Investment Corp.	-	2023.06.16 3 years 2001.03	23,423,016 31.86%	23,423,016 31.86%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative: Huang, Pai-Chien	Male 61–70 years old	2020.06.11 3 years 2018.07.01	0%	0%	None	None	Department of Business Administration, National Cheng Kung University Assistant Vice President, Finance Department, China Steel Corporation Vice President, Finance Department, Dragon Steel Co., Ltd. Assistant Vice President, Administration Department, Chung Hung Steel Corp. Chairman, Gains Investment Corp.	Retired on February 1, 2023	None	None
		Representative: Wu, Chun-Hui	Male 61–70 years old	2023.06.16 3 years 2023.02.01	0%	0%	None	None	Master of EMBA, National Sun Yat-sen University Assistant Vice President, Finance Department, Dragon Steel Co., Ltd. President, Gains Investment Corp.	Chairman, Gains Investment Corp. President, Yunhong China Holdings Director, Betacera Inc. Director, Fukuta Electric & Machinery Co., Ltd. Chairman, Eminence Investment Corporation Chairman, Mentor Consulting Corporation Chairman, Pro-Ascentek Investment Corporation Chairman, Eminent Venture Capital Corporation Director, Omni Gains Investment Corp.	None	None
Director	R.O.C	United Renewable Energy Co., Ltd.	-	2023.06.16 3 years 2012.06.26	4,000,000 5.44%	7,000,000 9.52%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative: Pan, Lei-Lei (Note 3)	Female 41–50 years old	2023.06.16 3 years 2021.09.30	0%	0%	None	None	Master of Marketing at Saint John's University Vice President of Finance and Chief Financial Officer, Ascent Solar Technologies, Inc. Manager, Malabs	Vice President of Finance and Chief Financial Officer, United Renewable Energy Co., Ltd. Supervisor, DS Energy Technology Co., Ltd. Supervisor, Utech Solar Corporation	None	None

									Junior Manager, Citibank Taiwan	Director, Xinjing Optoelectronics Co., Ltd. Director, Hsinjing Solar Co., Ltd. Supervisor, Ri-Yao Energy Co., Ltd. Supervisor, Yongliang Co., Ltd. Director of Xier (Stock) Company Supervisor, United Renewable Energy Engineering Co., Ltd.		
Director	R.O.C	Ever Wealthy International Corporation	-	2023.06.16 3 years 2002.10.01	6,119,748 8.32%	6,119,748 8.32%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative: Fang, Ming-Dar	Male 61–70 years old	2023.06.16 3 years 2002.10.01	0%	0%	None	None	Doctoral degree, Department of Chemical and Materials Engineering, National Kaohsiung University of Applied Sciences Master's degree, Department of Chemical Engineering, National Taiwan University Vice President of Production, China Steel Chemical Corporation	General Manager of Sinosteel Carbon Chemical Co., Ltd. Chairman of Ever Wealthy International Corporation Chairman, Changzhou Carbon New Material Technology Co., Ltd. Supervisor, Eminent Venture Capital Corporation Director, Eminent III Venture Capital Corporation	None	None
Independent Director	R.O.C	Liang, Su-Mei	Female 51–60 years old	2023.06.16 3 years 2020.06.11	0%	0%	None	None	Master of Finance, National Sun Yat-sen University Assistant Manager, Deloitte & Touche Independent Director, Bin Chuan Enterprise Co., Ltd.	Partner, Zhongjia CPAs & Co.	None	None
Independent Director	R.O.C	Tsai, Ming-Chi	Male 61–70 years old	2023.06.16 3 years 2020.06.11	0%	0%	None	None	Doctoral degree, Engineering Science, University of Oxford, UK Deputy Minister of Ministry of Science and Technology, Executive Yuan Chairman, Metal Industries Research & Development Center Director, Innovation Headquarters, National Cheng Kung University Secretary General, Academia-Industry Consortium for Southern Taiwan Science Park, National Cheng Kung University Head of the Engineering Technology Development Department, National Science Council, Executive Yuan Winner of the 5th Presidential Innovation Award in 2022 and Lifetime Achievement Award of Automatic Control Engineering of Chinese Automatic Control Society (CACS) Won the 2022 Fifth Presidential Innovation Award and the Lifetime Achievement Award of the Automatic Control Society of the Republic of China	Chair Professor, Department of Mechanical Engineering, National Cheng Kung University Director, Electric Motor Technology Research Center, National Cheng Kung University Independent Director, Jufan Industrial Co., Ltd.	None	None
Independent Director	R.O.C	Fang, Chen-Hua	Male 61–70 years old	2023.06.16 3 years 2020.06.11	0%	0%	None	None	MBA, University of Central Missouri Director, Operating Department, Cowealth (China) Medical Technology Co., Ltd., Shanghai Branch President, Medtecs (Taiwan) Corp. President, Chow Sang Sang Jewellery (Taiwan) Limited, Taiwan Branch (BVI) President, Megaful Co., Ltd.	Senior Consultant, Cowealth Medical Holding Co., Ltd., Taiwan Branch (Cayman)	None	None

Note 1: Please list the actual age, which may be presented in intervals, such as 41–50 years old or 51–60 years old.

Note 2: The company conducted a comprehensive re-election of the ninth board of directors on June 16, 2023. Seven directors were elected for re-election. On June 16, 2023, the board of directors elected Huang Chongjia as chairman.

Note 3: The original director representative of Gains Investment and Development (Co., Ltd.), Mr. Huang, Chung-Chia, retired due to age. On November 1, 2023, the director representative was reassigned. Mr. Lee Chao-Hsiang was elected as the new director by the board of directors on November 2, 2023..

Note 4: The original director representative of Gains Investment and Development (Co., Ltd.) Mr. Huang Baijian retired due to age. On February 1, 2023, the director representative Mr. Wu Junhui was reassigned and took office with immediate effect.

Note 5: If the chairman of the company and the general manager or a person with a similar position (top manager) are the same person, each other's spouse or first-degree relative, the reasons, rationality, necessity and countermeasures (such as adding independent directors) should be explained. seats, there should be relevant information that more than half of the directors do not concurrently serve as employees or managers): The Company does not have this situation.

(2)Major shareholders of institutional shareholders

Feb. 29, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders	
Gains Investment Corp.	China Steel Corporation	100%
Ever Wealthy International Corporation	China Steel Chemical Corporation	100%
United Renewable Energy Co., Ltd. (2023.12.31)	National Development Fund, Executive Yuan	6.09%
	Yao-Hwa Glass Management Commission	5.81%
	HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of the Invesco Solar ETF Investment Account	3.34%
	Delta Electronics, Inc.	1.92%
	Shares Market ETF under custody of Standard Chartered	1.45%
	iShares II Market ETF under custody of Standard Chartered	1.23%
	Shen Qingxiong	1.21%
	Vanguard Emerging Markets Stock Index Fund Investment Account managed by	1.19%
	Vanguard Group under custody of JPMorgan Chase Bank, N.A., Taipei Branch	1.12%
	German emerging market stock index fund investment account JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Advanced Starlight Fund Company's series of funds Advanced Aggregate International Stock Index Fund Investment Account	1.05%

(3)Major shareholders of major institutional shareholders

Feb. 29, 2024

Name of institutional shareholder	Major shareholder of major institutional shareholder	
China Steel Corporation (2022.12.31)	Ministry of Economic Affairs	20.00%
	China Steel Corporation Employee Stock Ownership Trust Account under custody of Mega International Commercial Bank	2.42%
	Transglory Investment Corporation	1.63%
	Taishin International Commercial Bank Co., Ltd. is entrusted with the custody of the Cathay Taiwan High Dividend Umbrella Securities Investment Trust Fund's Taiwan ESG Perpetual High Dividend ETF Securities Investment Trust Fund Special Account.	1.38%
	Fubon Life Insurance Co. Ltd.	1.36%
	china postal co., ltd.	1.16%
	Labor Pension Fund under the Old Scheme	1.11%
	Vanguard Stock Index Account under custody of JPMorgan Chase Bank, N.A., Taipei Branch	1.08%
	PGIA Integrated International ETF under custody of JPMorgan Chase	1.05%
	Labor Pension Fund under the New Scheme	1.03%
China Steel Chemical Corporation (2022.12.31)	China Steel Corporation	29.04%
	Fubon Life Insurance Co. Ltd.	5.31%
	International CSRC Investment Holdings Co., Ltd.	4.96%
	Ever Wealthy International Corporation	2.01%
	Chi Cheng Teh Co., Ltd.	1.46%
	Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	1.23%
	Jinhong Investment Co., Ltd.	0.96%
	Xinyang Investment Co., Ltd.	0.93%
	Chang Gung Medical Foundation	0.93%
	Vanguard Emerging Markets Stock Index Fund Investment Account	0.90%

Note 1: The data in Tables 2 and 3 is based on that as of the most recent book closure date.

Note 2: If the institutional shareholder is not a business organization, the name of the shareholder and its shareholding that shall be disclosed above shall be the name of benefactor or donor and the proportion of its funding or donation (refer to the announcement by the Judicial Yuan). Any donor who has passed away should be marked "Deceased": N/A.

(4)Disclosure of information on directors' professional qualifications and the independence of independent directors:

Feb. 29, 2024

Criteria / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Institutional director Representative: Lee, Chao-Hsiang (Note 3)	**Expertise:** Operations management and strategies, blast furnace ironmaking related industry experience **Main academic qualifications:** Department of Metallurgy and Materials Engineering, National Cheng Kung University **Main positions:** Chairman of ThinTech Material Technology (Co., Ltd.), Chairman of the Steel Structure Association of the Republic of China, Director of the China Mining and Metallurgical Engineering Society **Previous experience:** President of Dragon Steel Co., Ltd., director of China Steel Structure Co., Ltd., assist general manager of the production department of China Steel Corp., Ltd., director of the ironmaking plant of China Steel Corp., Ltd.	The Company's institutional director representatives all meet the criteria below: 1. Not a spouse or relative within two degrees of kinship of another director. 2. Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.	0
Institutional director Representative: Huang, Chung-Chia (Note 3)	**Specialties**: Industry experience related to metal materials; material technology innovation, business management and strategic policy, product development, and technology marketing **Education**: Master of EMBA, National Sun Yat-sen University **Other major positions:** Retired on Oct 31,2023 **Experience:** Chairman, ThinTech Materials Technology Co. Ltd,, President, Dragon Steel Co. Ltd, Institutional director, China Steel Structure Co.,Ltd., President, Dragon Steel Co., Ltd., and Assistant Vice President, Technical Department, China Steel Corporation		0
Institutional director Representative: Huang, Pai-Chien (Note 4)	**Specialties: S**teel; finance, investment, business management, and corporate governance **Education:** Department of Business Administration, National Cheng Kung University **Other major positions:** Retired on February 1, 2023 **Experience:** Vice President, Planning Department, China Steel Corporation, Chairman, Gains Investment Corp., Vice President, Finance Department, Dragon Steel Co., Ltd., Assistant Vice President, Administration Department, Chung Hung Steel Corp., Director, C.S. Aluminium Corporation, and representatives of the directors from many listed and unlisted companies		0
Institutional director Representative: Wu, Chun-Hui (Note 4)	**Specialties:** Steel; finance, investment, business management, and corporate governance **Education:** Master of EMBA, National Sun Yat-sen University **Other major positions:** Chairman, Gains Investment Corp., President, Yunhong China Holdings, Director, Betacera Inc., Director, Fukuta Electric & Machinery Co., Ltd., Chairman, Eminence Investment Corporation, Chairman, Mentor Consulting Corporation, Chairman, Pro-Ascentek Investment Corporation, Chairman, Eminent III Venture Capital Corporation, and Director, Omni Gains Investment Corp. **Experience:** Assistant Vice President, Finance Department, Dragon Steel Co., Ltd., and President, Gains Investment Corp.		0
Institutional director Representative: Pan, Lei-Lei	**Specialties:** Marketing, finance, investment, and business management **Education:** Master of Marketing at Saint John's University **Other major positions:** Vice President of Finance and Chief Financial Officer, United Renewable Energy Co., Ltd., Supervisor, DS Energy Technology Co., Ltd., Supervisor, Utech Solar Corporation, Director, Xinjing Optoelectronics Co., Ltd., Director, Hsinjing Solar Co., Ltd., and Supervisor, Ri-Yao Energy Co., Ltd., Supervisor, Yongliang Co., Ltd., Director of Xier (Stock) Company, and Supervisor, United Renewable Energy Engineering Co., Ltd. **Experience:** Manager, Malabs, and Junior Manager, Citibank Taiwan, and Vice President of Finance and Chief Financial Officer, Ascent Solar Technologies, Inc.		0

Criteria / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Institutional director Representative: Fang, Ming-Dar	**Specialties:** Passed the Accountant Examination of the R.O.C., financial planning, accounting, and risk management **Education:** Doctoral degree, Department of Chemical and Materials Engineering, National Kaohsiung University of Applied Sciences **Other major positions:** President, China Steel Chemical Corporation, Chairman, Ever Wealthy International Corporation, director, Formosa Ha Tinh (Cayman) Limited Taiwan Branch, Chairman, Changzhou Carbon New Material Technology Co., Ltd., supervisor, Eminent Venture Capital Corporation, and director, Eminent III Venture Capital Corporation **Experience:** Vice President of Production, China Steel Chemical Corporation and Chairman, Yongjia International Co., Ltd.		0
Independent Director Liang, Su-Mei Audit Committee Convener	**Specialties:** Passed the Accountant Examination of the R.O.C., financial planning, accounting, and risk management **Education:** Master of Finance, National Sun Yat-sen University **Other major positions:** Partner, Zhongjia CPAs & Co., Independent Director, Bin Chuan Enterprise Co., Ltd., and the convener of the Company's Audit Committee, Remuneration Committee, and Risk Management Committee (since June 2020) **Experience:** Assistant Manager, Deloitte & Touche, independent director and member of the Audit Committee, Bin Chuan Enterprise Co., Ltd. (from May 2004 to June 2022)	The three independent directors have met the criteria below during the two years before being elected and during the term of office: 1. Is not elected as a government agency, juridical person, or its representative as defined in Article 27 of the Company Act. 2. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the Company. 4. Is not a director, supervisor, or manager at a specific company or institution with financial relations or business dealings with the Company, or shareholder holding 5% or more of the Company's total shares. 5. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years.	0
Independent Director Tsai, Ming-Chi Remuneration Committee Convener	**Specialties:** Engineering science R&D, technological innovation, and risk management **Education:** Doctoral degree, Engineering Science, University of Oxford, UK **Other major positions:** Chair Professor, Department of Mechanical Engineering, National Cheng Kung University, Director, Electric Motor Technology Research Center, National Cheng Kung University, independent director, Jufan Industrial Co., Ltd. (since September 2021), and member of the Company's Audit Committee, Remuneration Committee, and Risk Management Committee (since June 2020) **Experience:** Deputy Minister of Ministry of Science and Technology, Executive Yuan, Chairman, Metal Industries Research & Development Center,Secretary General, Academia-Industry Consortium for Southern Taiwan Science Park, National Cheng Kung University, Director, Research NCKU, National Cheng Kung University, and head of the Engineering Technology Development Department, National Science Council, Executive Yuan, Winner of the 5th Presidential Innovation Award in 2022 and Lifetime Achievement Award of Automatic Control Engineering of Chinese Automatic Control Society (CACS)& Won the 2022 Fifth Presidential Innovation Award and the Lifetime Achievement Award of the Automatic Control Society of the Republic of China		1
Independent Director Fang, Chen-Hua Risk Management Committee Convener	**Specialties:** Finance, marketing, corporate governance, and risk management **Education:** MBA, University of Central Missouri Other major positions: Member of the Company's Audit Committee, Remuneration Committee, and Risk Management (since June 2020) **Experience:** Senior Consultant, Cowealth Medical Holding Co., Ltd., Taiwan Branch (Cayman), Director, Operating Department, Cowealth (China) Medical Technology Co., Ltd., Shanghai Branch, President, Medtecs (Taiwan) Corp., President, Chow Sang Sang Jewellery (Taiwan) Limited, Taiwan Branch (BVI), and President, Megaful Co., Ltd.		0

Note 1: All board members meet the criteria for professional qualifications, have five years or more of work experience, and are not under any of the circumstances under each subparagraph of Article 30 of the Company Act.

Note 2: The directors and independent directors are aligned with the criteria for independence based on the review results

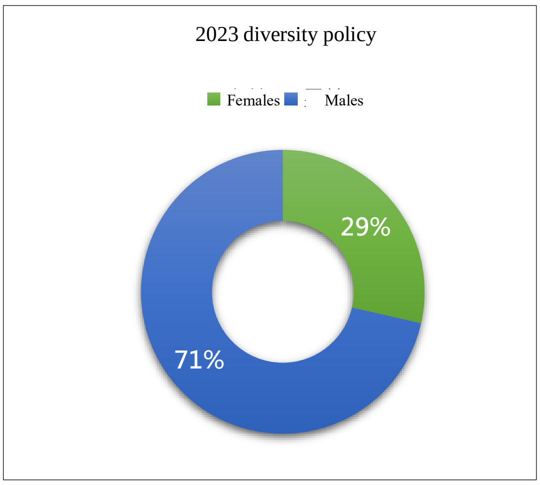
Note 3: The original director representative Gains Investment and Development (Co., Ltd.), Mr. Huang Chongjia, retired due to age. On November 1, 2023, the director representative was re-appointed. Mr. Lee Chao-Hsiang as elected as the new director by the board of directors on November 2, 2023.

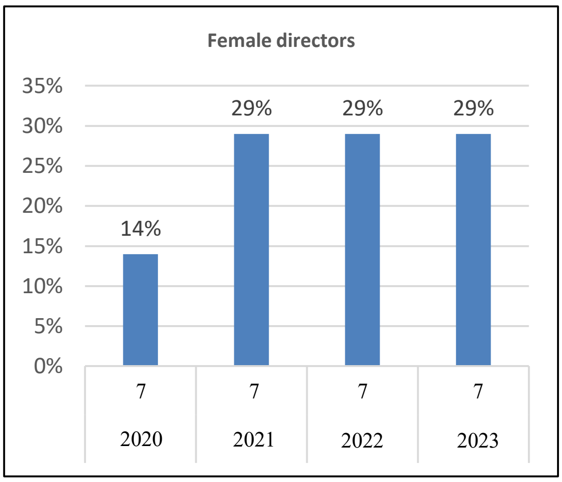
Note 4: The original director representative Gains Investment and Development (Co., Ltd.) Mr. Huang Baijian retired due to age. On February 1, 2024, the director representative Mr. Wu Junhui was reassigned and took office with immediate effect.

(5)Board diversity and independence:

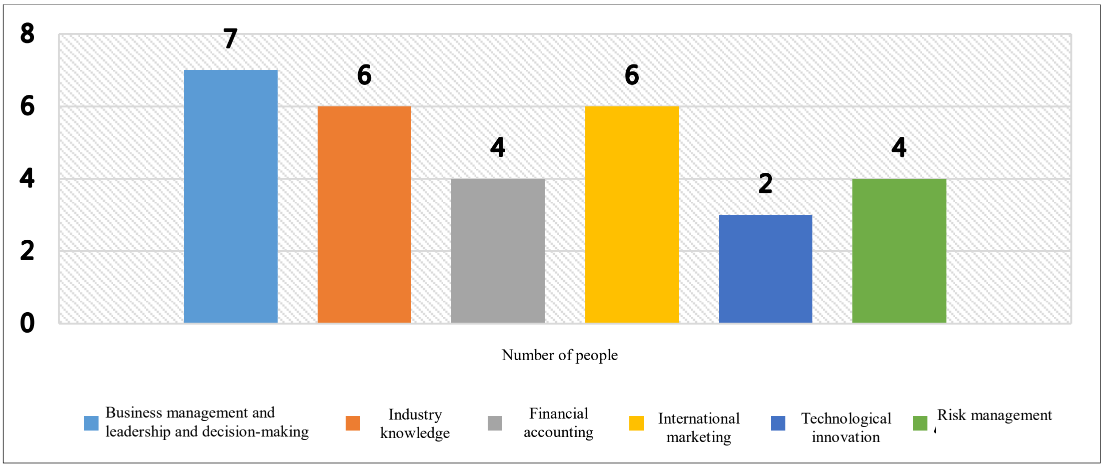
- Board diversity indicators:
  A. Article 20 of the Company's "Code of Corporate Governance Practices" stipulates that the composition of the Board of Directors shall be diversified. In addition to the fact that a director who is also a manager of the Company should not exceed one-third of the total number of directors, the Company shall also formulate appropriate diversification policies with respect to its own operation, business style and development needs. Board members are of different genders, ages, expertise and should have the ability to make operational judgments, accounting and financial analysis, business management, crisis management, industry knowledge, international market view, leadership and decision-making, etc., in order to carry out their duties with the necessary knowledge, skills, and qualities, to provide effective supervision, to urge the Company to abide by the law, to disclose important information in a timely manner, and to conduct business in an honest manner, and to maintain a good communication channel and interaction with the management team, and to guide the Company's business operations and to provide guidance to the Company's management. We also maintain good communication channels and positive interaction with the management team, guide the execution of the Company's business and the resolution of major decisions to ensure the Company's development and protect shareholders' rights and interests, in order to achieve the ideal goal of corporate governance.
  B. In line with the diversity policy, we aim to have at least one female director (14.29%).
  C. Strengthen the ratio of members specialized in finance, accounting and risk management by more than half, and the ratio of technological innovation members by more than 40% as a target.

- The implementation of the board diversity policy is as follows:
  A. As the Company focuses on compliance with laws and regulations, technological innovation, and integration and transformation, when we select directors, we consider their academic backgrounds, experience, age, areas of expertise, and gender balance, and seek candidates from the industry and academia. After taking into account the Company's five-year business development strategy and goals, our independent directors include one certified public accountants (CPA), that is independent director Liang, Su-Mei, who supervises and reviews the quality of financial reports and financial risk early warning and provides professional advice on compliance with accounting standards; one national university professor, that is independent director Tsai, Mi-Ching, who excels in mechanical engineering management and technological innovation and used to be the Deputy Minister of Ministry of Science and Technology, Executive Yuan, and the Chairman, Metal Industries Research & Development Center, so he can provide suggestions on product technology and product R&D. Other directors include Chairman Lee, Chao-Hsiang, business management and strategic policy, is capable of integrating the upstream and downstream target industries, providing competitive advantages; directors Wu, Chun-Hui and Fang, Ming-Dar, who are good at focusing on corporate governance, financial management; independent director Fang, Cheng-Hwa and director Pan, Lay-Lay, who excel at marketing and planning the Company's future sales strategies; as well as independent directors Liang, Su-Mei, Tsai, Mi-Ching, and Fang, Cheng-Hwa and Chairman Lee, Chao-Hsiang, who are able to identify operational risks, issue early warnings, and formulate countermeasures.
  B. The 9th Board of Directors consists of seven directors with two female directors on the board accounting for 28.57% of all members to ensure gender equality.





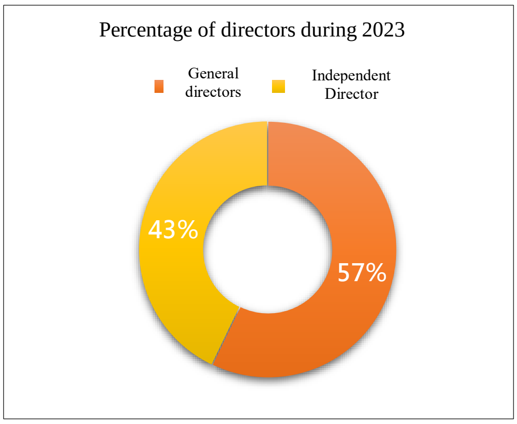
  C. Four of the Company's board members excel at financial accounting, accounting for 57% of all directors; four are equipped with product, R&D, finance, and market risk management capabilities, accounting for 57%; two are good at technological innovation, accounting for 29%. The board members are from a variety of fields. As per Article 20, paragraph 4 of the Corporate Governance Best Practice Principles, the distribution of the competencies and professional knowledge and skills possessed by the board as a whole is described below.

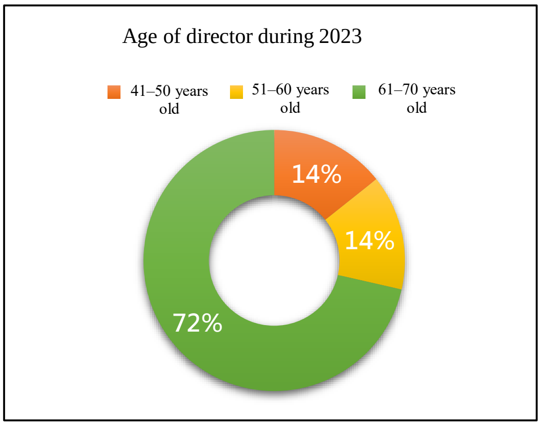


Board of Directors/Committee	Description	Number
Business management and leadership and decision-making	The market environment is complex and changing rapidly. Facing the fierce competition, board members should formulate corresponding strategies to help the Company review operations, finance, and investments.	7
Industry knowledge	The Company's products range from the optical discs, optoelectronic products, semiconductors, to biomedical technology products. Important industry knowledge, including the industry trends, technology development, and competition, is a key to influencing our management and decision-making process.	6
Financial accounting	Board members should improve the quality and reliability of financial reports in compliance with laws and regulations and provide professional consultation service.	4
International marketing	Facing the fierce competition in the market, climate change, and force majeure factors (such as wars and epidemic diseases), which in turn, affect and change people's consumption habits, board members should help the Company to expand our products and increase business profits.	6
Technological innovation	The technical threshold of the targets industry is quite high. In terms of technologies, products, and process innovation needed by the market, technological innovation is an important core competence in the board/committee member diversity policy.	2
Risk management	Compliance, identification of high risks involved in various operations, formulation of strategies, and communication with stakeholders are directors and committee members' responsibilities.	4

■ Percentage of directors and age distribution:

Our independent directors account for 42.86% of all directors; general directors 57.14%, and directors who are also employees 0%. Five directors are between 61 and 70 years old, and one between 51 and 60 years old, and one between 41 and 50 years old.





The implementation situation is as follows:

Job title	Representative	Nationality	Gender	Age	Serving as the Company's employee concurrently	Independent Director Term of office			Core diversity indicator						
						3 years or less	3 to 9 years	9 years or longer	Business management	Leadership and decision-making	Industry knowledge	Financial accounting	International marketing	Technological innovation	Risk management
Chairman (Note 1)	Lee, Chao-Hsiang	R.O.C	Male	61~70	None				●	●	●		●		●
	Huang, Chung-Chia	R.O.C	Male	61~70	None				●	●	●		●	●	●
Director (Note 2)	Wu, Chun-Hui	R.O.C	Male	61~70	None				●	●	●	●	●		
	Huang, Pai-Chien	R.O.C	Male	61~70	None				●	●	●	●	●		
Director	Fang, Ming-Dar	R.O.C	Male	61~70	None				●	●	●		●	●	
Director	Pan, Lei-Lei	R.O.C	Female	41~50	None				●	●		●	●		
Independent Director	Tsai, Ming-Chi	R.O.C	Male	61~70	None	●			●	●	●		●	●	●
Independent Director	Liang, Su-Mei	R.O.C	Female	51~60	None	●			●	●	●	●			●
Independent Director	Fang, Chen-Hua	R.O.C	Male	61~70	None	●			●	●	●	●	●		●

Note 1: The original director representative of Gains Investment and Development (Co., Ltd.), Mr. Huang ChungCia, retired due to age. On November 1, 2023, the director representative was re-appointed. Mr. Lee Chao-Hsiang was elected as the new chairman by the board of directors on November 2, 2023. .

Note 2: The original director representative of Gains Investment Development (Co., Ltd.) Mr. Huang Baijian retired due to age. On February 1, 2023, the director representative Mr. Wu Junhui was reassigned and took office with immediate effect.

■ Independence of the Board of Directors

The Company has a total of seven directors on the board, of whom three are independent directors (42.86%) and have all held the position for three years or less. No director is a spouse or relative within the second degree of kinship of any other director nor are they under circumstances under any of the subparagraphs of Article 30 of the Company Act and Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act.

2. Information on the President, Vice Presidents, and the heads of various departments and branches:

Feb. 29, 2024; unit: shares

Job title	Nationality	Name	Gender	Date elected	Shareholding	Shareholding of spouse or minor children	Shareholding by nominee arrangement	Major education and experience	Concurrent positions other companies	Spouse or relatives within second degree of kinship who are other managers	Remarks (Note 1)
					Number of shares/Shareholding	Number of shares/Shareholding	Number of shares/Shareholding			Job title/Name/Relations	
President	R.O.C	Pan, Yeong-Tsuen	Male	2020.08.15	0 0%	0 0%	None	Doctoral degree, Department of Materials and Optoelectronic Science, National Sun Yat-sen University Deputy Project Director, Technical Department, China Steel Corporation Adjunct Associate Professor, National University of Kaohsiung (2008 through 2014)	Chairman of Taicang ThinTech Material Co., Ltd. Representative of director, Thintech Global Limited	None	None
Technology Vice President	R.O.C	Lin, Ching-Fu	Male	2014.06.03	6,780 0.01%	0 0%	None	Master's degree, Department of Materials Science and Engineering, National Cheng Kung University R&D Officer, TTMC Researcher, Industrial Technology Research Institute	None	None	None
Administration Vice President	R.O.C	Lin, Ching-Chun	Male	2021.04.01	0 0%	0 0%	None	Master's degree, Department of Electrical Engineering, National Cheng Kung University Professional Manager, Direct Investment Department, Gains Investment Corp. Director, LuxNet Corp. Supervisor, Tai-Saw Technology Co., Ltd. Director, Transcom, Inc.	Representative of director, Taicang ThinTech Material Co., Ltd.	None	None
Business Department Department	R.O.C	Lin, Yu-Chuan	Male	2022.08.01	2,831 0%	0 0%	None	Master's degree, Department of Materials Science and Engineering, National Taiwan University Deputy Head of the Administration Department, Deputy Head of the Quality Assurance Department, TTMC Section Chief, R&D Department, Kao Chen Telecom Technology Co., Ltd.	None	None	None
Production Plants Acting plant Director (note2)	R.O.C	Ling, Yung-Fu	Male	2023.07.01	0 0%	377 0%	None	Master's degree, Department of Asia-Pacific Industrial and Business Management, National University of Kaohsiung Deputy Head of the Quality Assurance Department, TTMC Section Chief, R&D Department, Kao Chen Telecom Technology Co., Ltd.	None	None	None
Production Plants Deputy Chief of the Production Plant	R.O.C	Kuo, Shu-Kai	Male	2021.03.01	280 0%	0 0%	None	Master's degree, Institute of Materials Science and Engineering, National Taipei University of Technology Bachelor's degree, Materials Science and Engineering, National Taipei University of Technology Vice President, Taicang ThinTech Material Co., Ltd. Manager, Technology Department, TTMC Manager, Production Plant, TTMC	None	None	None
Administrative Management Department Department Head (note2)	R.O.C	Huang, Jung-Chang	Male	2023.07.01	1,302 0%	0 0%	None	Bachelor's degree, Department of Business Administration, National Kaohsiung University of Applied Sciences Chief of the Production Plant, TTMC Director, Taicang ThinTech Material Co., Ltd. President, Taicang ThinTech Material Co., Ltd. Vice President, Taicang ThinTech Material Co., Ltd. Manager, Production Department, Niu, Feng Industrial Co., Ltd.	None	None	None

Job title	Nationality	Name	Gender	Date elected	Shareholding	Shareholding of spouse or minor children	Shareholding by nominee arrangement	Major education and experience	Concurrent positions other companies	Spouse or relatives within second degree of kinship who are other managers	Remarks (Note 1)
					Number of shares/Shareholding	Number of shares/Shareholding	Number of shares/Shareholding			Job title/Name/Relations	
Quality Assurance Department Department	R.O.C	Juan, Wei	Male	2008.03.17	0 0.00%	0 0.00%	None	Master's degree, Department of Statistics, Tunghai University Head of the Administrative Management Department, TTMC Assistant Manager, United Microelectronics Corporation	None	None	None
Technology Department Department	R.O.C	Kuan, Chi-Yun	Female	2022.09.16	0 0.00%	0 0.00%	None	Doctoral degree, Department of Materials Science and Engineering, National Cheng Kung University Postdoctoral Research Fellow, Department of Materials Science and Engineering, National Cheng Kung University Deputy Head of the Technology Department, TTMC	None	None	None
Financial Accounting Officer-cum-Corporate Governance Officer	R.O.C	Chang, Chia-Wen	Female	Financial Accounting Officer (2021.03.01) Corporate Governance Officer (2021.10.29)	0 0.00%	0 0.00%	None	Master's degree, Department of Finance, National Sun Yat-sen University Department of Accounting, Southern Taiwan University of Science and Technology Deputy Head of the Finance Department, TTMC (Assistant) Manager, Accounting Section, TTMC Auditor, TTMC Auditor and Bookkeeper, Yongxiang CPA Firm Auditor, JSG	Legal person supervisor representative of Taicang ThinTech Material Co., Ltd.	None	None
Audit Office	R.O.C	Liu, Cheng-Yen	Male	2017.11.16	0 0.00%	0 0.00%	None	Bachelor's degree, Department of Accounting, Tunghai University Auditor, Grant Thornton Auditor, Ernst & Young	None	None	None

Note 1: Where the chairman and the president or person in an equivalent position (top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and countermeasures shall be disclosed (e.g., increasing the number of independent directors on the board or having more than half of the directors not concurrently serving as employees or managers): N/A.

Note 2: Huang, Jung-Chang, the original director of the production plant, was transferred to the position of head of the administrative department on July 1, 2023. On the same day, deputy head of the administrative department Ling Yongfu was transferred to the production plant to act as the acting director of the production plant.

3. Remuneration paid to directors, the President, and Vice Presidents in the most recent year:

（1）Remuneration paid to directors (including independent directors)

December 31, 2023; Unit: NT$ thousands/in thousands of shares

Job title	Name	Remuneration to directors								Sum of A, B, C, and D as a % of the net income after tax		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G as a % of the net income after tax		Remuneration from investees other than subsidiaries or from the parent company
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Remuneration, bonus, and allowance (E)		Severance and pension (F)		Remuneration to employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman (note 1)	Gains Investment Corp. Representative: Lee, Chao-Hsiang	3,061	3,061	1,435	1,435	352	352	228	228	5,076 12.82%	5,076 12.82%	0	0	0	0	0	None	0	None	5,076 12.82%	5,076 12.82%	7,696
	Gains Investment Corp. Representative: Huang, Chung-Chia																					
Director (note 2)	Gains Investment Corp. Representative: Huang, Pai-Chien																					
	Gains Investment Corp. Representative: Wu, Jun hu																					
Director	United Renewable Energy Co., Ltd. Representative: Pan, Lei-Lei																					
Director	Ever Wealthy International Corporation Representative: Fang, Ming-Dar																					
Independent director	Tsai, Ming-Chi	1,080	1,080	0	0	0	0	189	189	1,269 3.21%	1,269 3.21%	0	0	0	0	0	None	0	None	1,269 3.21%	1,269 3.21%	0
	Liang, Su-Mei																					
	Fang, Chen-Hua																					

1. Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:
   (1)The remuneration paid to independent directors is handled in accordance with Article 21 of the Company's Articles of Incorporation, and we have formulated the Rules of the Scope of Powers of Independent Directors and implemented it accordingly. We review and improve the implementation as per the Rules of the Performance Evaluation of the Board of Directors on an annual basis.
   (2)The functional committees we established include the Audit Committee, the Remuneration Committee, and the Risk Management Committee, all of which consist of three independent directors to increase their participation in the Company's operations and enhance our risk management and control.
   (3)The fixed remuneration paid to independent directors is determined by the Board of Directors with reference to the general standard in the industry. After prudent internal assessment of future risks and individual contributions, the Board of Directors reviewed the proposal and resolved to pay NT$30,000 to each independent director per month, and they do not participate in the Company's earnings distribution.
   (4)The honoraria for independent directors' attendance at board meetings and functional committee meetings are determined with reference to the general standard in the industry.
2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Note 1: The original director representative of Gains Investment and Development (Co., Ltd.), Mr. Huang ChungCia, retired at the age of 11. On November 1, 2023. the director representative was re-appointed. Mr. Lee Chau-Hsuingwas elected as the new Chairman by the board of directors on November 2, 2023..

Note 2: The original director representative of Gains Investment Development (Co., Ltd.) Mr. Huang Baijian retired due to age. On February 1, 2023, the director representative Mr. Wu Junhui was reassigned and took office with immediate effect.

Note 3: This is based on the 2023 directors' remuneration and employee remuneration distribution proposal approved by the board of directors before the shareholders' meeting, and is calculated and filled in based on the actual distribution amount in the previous year.

Directors' (independent directors') remuneration range table

Ranges of remuneration paid to each director of the Company	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All companies in the financial statements	The Company	Parent company and all investees I
Below NT$1,000,000	Gains Investment Corp. (Representative: Lee, Chau-Hsiung, Wu, Jun-Hui, Huang, Pai-Chien,) United Renewable, Energy Co., Ltd. (Representative: Pan, Lei-Lei) Ever Wealthy International Corporation (Representative: Fang, Ming-Dar) Tsai, Ming-Chi, Liang, Su-Mei, and Fang, Chen-Hua	Gains Investment Corp. (Representative: Lee, Chau-Hsiung, Wu, Jun-Hui, Huang, Pai-Chien,) United Renewable, Energy Co., Ltd. (Representative: Pan, Lei-Lei) Ever Wealthy International Corporation (Representative: Fang, Ming-Dar) Tsai, Ming-Chi, Liang, Su-Mei, and Fang, Chen-Hua	Gains Investment Corp. (Representative: Lee, Chau-Hsiung, Wu, Jun-Hui, Huang, Pai-Chien,) United Renewable, Energy Co., Ltd. (Representative: Pan, Lei-Lei) Ever Wealthy International Corporation (Representative: Fang, Ming-Dar) Tsai, Ming-Chi, Liang, Su-Mei, and Fang, Chen-Hua	Gains Investment Corp. (Representative: Lee, Chau-Hsiung) United Renewable, Energy Co., Ltd. (Representative: Pan, Lei-Lei) Ever Wealthy International Corporation (Representative: Fang, Ming-Dar) Tsai, Ming-Chi, Liang, Su-Mei, and Fang, Chen-Hua
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)	None	None	None	Gains Investment Corp. (Representative: Huang, Pai-Chien,)
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)	Gains Investment Corp. (Representative: Huang, Chung-Chia)	Gains Investment Corp. (Representative: Huang, Chung-Chia)	Gains Investment Corp. (Representative: Huang, Chung-Chia)	Gains Investment Corp. (Representative: Huang, Chung-Chia)
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)	None	None	None	Gains Investment Corp. (Representative: Wu Jun, Hui)
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)	None	None	None	None
NT$15,000,000 (inclusive)–NT$30,000,000 (exclusive)	None	None	None	None
NT$30,000,000 (inclusive)–NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)	None	None	None	None
NT$100,000,000 or more	None	None	None	None
Total	9	9	9	9

Note: 1. If a director of the Company receives remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the director from investees other than subsidiaries or from the parent company shall be included in column I of the remuneration range table with said column renamed "Parent company and all investees".
2. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the directors of the Company for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company.
3. The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

（2） Remuneration to the President and Vice Presidents

December 31, 2023; Unit: NT$ thousands/in thousands of shares

Job title	Name	Salary (A)		Severance and pension (B)		Bonus and allowance (C)		Employee remuneration (D)				Sum of A, B, C, and D as a % of the net income after tax		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Pan, Yeong-Tsuen	5,274	5,274	None	None	905	905	299	None	299	None	6,478 16.37%	6,478 16.37%	987
Vice President	Lin, Ching-Fu													
	Lin, Ching-Chun													

Note: It is based on the percentage for the distribution and the amount paid out for the prior year as per the 2023 directors' remuneration and employee remuneration distribution proposal approved by the Board of Directors before the shareholders' meeting was held.

The President and Vice Presidents' remuneration range table

Ranges of remuneration to the President manager and Vice Presidents of the Company	Name of the President or Vice President	
	The Company	Parent company and all investees
Below NT$1,000,000	None	None
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)	Lin, Ching-Fu	Lin, Ching-Fu
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)	Pan, Yeong-Tsuen, Lin, Ching-Chun	Pan, Yeong-Tsuen, Lin, Ching-Chun
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)	None	None
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)	None	None
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive)–NT$30,000,000 (exclusive)	None	None
NT$30,000,000 (inclusive)–NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)	None	None
NT$100,000,000 or more	None	None
Total	3	3

Note: 1. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the President or Vice Presidents of the Company for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company: **No such situation**

2. The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

（3） Name of manager who receives employee remuneration and distribution:

December 31, 2023; Unit: NT$ thousands

Job title	Name	Stock amount	Cash amount	Total	Total amount as a % of the net income after tax
President	Pan, Yeong-Tsuen	None	582	582	1.47%
Vice President of Technology	Lin, Ching-Fu				
Executive Vice President	Lin, Ching-Chun				
Acting Chief of the Production Plant	Ling, Yung-Fu				
Deputy Chief of the Production Plant	Kuo, Shu-Kai				
Head of the Quality Assurance Department	Juan, Wei				
Head of the Administrative Management Department	Huang, Jung-Chang				
Head of the Technology Department	Kuan, Chi-Yun				
Head of the Business Department	Lin, Yu-Chuan				
Financial Accounting Officer-cum-Corporate Governance Officer	Chang, Chia-Wen				
Auditor	Liu, Cheng-Yen				

Note: It is based on the percentage for the distribution and the amount paid out for the prior year as per the 2023 directors' remuneration and employee remuneration distribution proposal approved by the Board of Directors before the shareholders' meeting was held.

4. An analysis of the total remuneration paid to the Company's directors, the President, and Vice Presidents as a percentage of the net income after tax for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

（1） An analysis of the total remuneration paid to the Company's directors, the President, and Vice Presidents by the Company and all companies in consolidated financial statements as a percentage of the net income after tax for the most recent two years:

Unit: NT$ thousands

Year / Job title	2023 An analysis of the total remuneration paid to the Company's directors, the President, and Vice Presidents by the Company and all companies in consolidated financial statements as a percentage of the net income after tax recorded in the parent company only or individual financial statements			2022 An analysis of the total remuneration paid to the Company's directors, the President, and Vice Presidents by the Company and all companies in consolidated financial statements as a percentage of the net income after tax recorded in the parent company only or individual financial statements		
Job title	Total remuneration	Net income after tax	Total remuneration as a % of the net income after tax	Total remuneration	Net income after tax	Total remuneration as a % of the net income after tax
Director	5,076	39,568	12.82%	3,726	82,003	4.54%
The President and Vice Presidents	6,478		16.37%	7,319		8.93%
An analysis of the difference in the total remuneration as a % of the net income after tax for the most recent two years	The total remuneration in 2023 was 11,554 thousand yuan, accounting for a higher ratio of after-tax net income than in 2022. This was mainly due to the fact that Chairman Huang ChunCia retired and received retirement pension and the amount of after-tax net income this year decreased by nearly 52% compared with thta in 2022.					

（2） The remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

(I) As per Article 27 of the Company's Articles of Incorporation, where the Company makes a profit for a year, it shall allocate no less than 0.1% of the balance as employee remuneration and no more than 1% as directors’ remuneration and report to the shareholders' meeting. In addition, the travel expenses of the representative of the director of the Company shall be determined with reference to the standards of the same industry. The directors' remuneration and travel expenses shall be determined by the corporate director, and the independent directors shall not participate in the company's earnings distribution, and their monthly fixed remuneration shall be determined by the board of directors with reference to the usual standards of the same industry.

(II) For the ended December 31, 2023, the ratio of the compensation of our Chairman and President (Manager) was 0.71%, based on net income before taxes and expenses.The Company's directors’ remuneration and employee remuneration is determined in a reasonable manner based on individuals’ responsibilities, their participation in, and values of their contribution to Company's business,as well as their performance evaluation results, and we should report on the affairs to the shareholders' meeting. There is no obvious association between the remuneration paid and future risks.

- The performance assessment and compensation for the directors and managers of the Company shall take into consideration the results of job performance, time dedicated to the Company, the responsibilities held, the achievement of objectives, the performance in other positions, the compensation given by the Company to those in similar positions in recent years, and the reasonableness of the performance assessment in relation to the Company's operating performance and future risks, the Company's financial condition, the performance of ESG, the compensation of peer companies, and shall be in accordance with the regulations on salary management and provisions of Article 27 of the Company's Articles of Incorporation. The relevant performance assessment and compensation reasonableness shall be reviewed by the Remuneration Committee and the Board, distributed after approval by the Board.
- Staff compensation is based on salary, promotion and assessment, bonuses and other related management measures, and takes into account the results of performance evaluation. The evaluation items include financial indicators, such as shipment volume, cost reduction amount, and profit amount; non-financial indicators, such as new technological capability, attention to work safety regulations, process improvement and project completions, and customer claims and complaints, etc. Relevant performance appraisals and remuneration reasonableness are reviewed by the Remuneration Committee and the Board.

III、Implementation of corporate governance:

1. Operations of the Board of Directors:

On June 16, 2023, the shareholders' meeting approved the comprehensive re-election of 7 directors (including 3 independent directors) for the ninth term, with the term starting from June 16, 2023 to June 15, 2026. The Board of Directors held seven meetings during the most recent year (2023), and the overall attendance rate is as high as 91.83%. Directors' attendance is as follows:

Job title	Name	Attendance in person	Attendance by proxy	Attendance (%) (Note 1)	Remarks
Chairman (Note 1)	Gains Investment Corp. Representative: Lee, Chao-Hsiang	2	0	100%	2023.11.01 take office
	Gains Investment Corp. Representative: Huang, Chung-Cia	5	0	100%	2023.10.31 retired
Director	Gains Investment Corp. Representative: Wu, Jun-hui	6	1	85.71%	2023.06.16 re-elected
Director	United Renewable Energy Co., Ltd. Representative: Pan, Lei-Lei	5	2	71.42%	2023.06.16 re-elected
Director	Ever Wealthy International Corporation Representative: Fang, Ming-Dar	7	0	100%	2023.06.16 re-elected
Independent Director	Liang, Su-Mei	7	0	100%	2023.06.16 re-elected
Independent Director	Tsai, Ming-Chi	6	1	85.71%	2023.06.16 re-elected
Independent Director	Fang, Chen-Hua	7	0	100%	2023.06.16 re-elected

Note 1: The original director representative of Gains Investment Development (Co., Ltd.) Mr. Huang Chung-Cia retired due to age, and was reassigned as the director representative Mr. Lee Chao-Hsiang on November 1, 2023.

2. Additional information on the operations of the Board of Directors:

(1) If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

- For matters under Article 14-3 of the Securities and Exchange Act, no independent director expressed objection or reservation during 2023. Please refer to the Additional information on the operations of the Audit Committee (1).
- Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.

(2) In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified:

The Directors comply with Article 15 of the Rules of the Procedure for Board of Directors Meetings of Thintech Materials Technology Co., Ltd., "Directors or other representatives of the juridical persons shall explain the important content of their interest or the interest of the juridical persons they represent involved in any proposal at a board meeting and shall be recused from the deliberation of the matters below and from the discussion and voting on the motion; shall not exercise their voting rights on behalf of other directors: 1. Where those whose interest or the interest of the juridical persons they represent involved may be detrimental to the Company's interest. 2. Where directors believe that they should recuse themselves. 3. Where directors should be recused by the resolution of the Board of Directors. If a director's spouse, lineal relatives within the second degree of kinship, or a company with which the director has a controlling or subordinate relation, has its own interest involved in any proposal at the meeting in the preceding paragraph, the director shall be deemed to have their personal interest involved in the motion. For directors who are not allowed to exercise their voting rights in accordance with the preceding two paragraphs, Article 180, paragraph 2 of the Company Act shall apply mutatis mutandis in accordance with Article 206, paragraph 4 of the Company Act, and such directors shall not be counted toward the number of directors present. "

Date/Session of the board meeting	Content of proposal	Resolution results
2023.02.21 15th meeting of the 8th term	Proposal 5 in the discussions: The proposal to adjust the Chairman's and the President's salaries.	After Chairman Huang, Chung-Chia and President Pan, Yeong-Tsuen were recused from the meeting, the proposal was approved by all the directors present.
2023.05.05 The 16th session of the 8th session board meeting	Discussed matter No. 1: The company plans to acquire 70% of the equity of Changzhou China Steel Precision Material Co., Ltd with cash and new ordinary shares as consideration.	Chairman Huang ChunCia and Wu Junhui, the legal representative of Gains Company, still requested to recuse themselves and did not exercise their voting rights. In addition, although Ever Wealthy International Corporation. has no control or affiliation with Asia Pacific Holdings, Gains Company and OmniGains, the counterparties to the

		transaction in this case, and its participation in the discussion and voting of this case does not cause harm to the interests of the company, it is only to ensure the resolution due to the objectivity of the decision, Fang Mingda, the representative director of the legal entity, still requested to recuse himself and did not exercise his right to vote. Chairman Huang ChunCia designated independent director Liang Sumei as acting chairman of this discussion. Except for the directors who should recuse themselves, the Acting Chairman consulted the directors who were present in this matter, and all of them approved the matter without objection.
2024.02.16 The 7th session of the 9th session board meeting	Discussion item No. 5: Submit the salary and adjustment case for the company's chairman and general manager in 2023.	After Chairman Li Zhaoxiang and General Manager Pan Yongcun left the meeting, the resolution was approved by all directors present.

3. Information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation (peer evaluation):

（1） The Company has formulated the Rules of the Performance Evaluation of the Board of Directors (approved by the Board of Directors), the amendment to which was approved by the 2nd board meeting in 2021. The Company evaluates the performance of the Board of Directors, individual directors, the Audit Committee, the Remuneration Committee, and the Risk Management Committee once per year. The results of the internal and external board performance evaluation shall be completed before the end of the first quarter of the following year. Completed before the end of the first quarter of the following year. The evaluation shall be carried out at least once every three years by an external professional independent organization or a team of external experts and scholars, and the internal and external evaluation results shall be submitted to the board of directors for that year as a reference for future selection or nomination of directors, as well as for individual directors (excluding independent directors). Performance evaluation results serve as a reference for determining the distribution of remuneration to corporate directors.

（2） Internal assessment is as follows:

Item	Description
Cycle	Once per year
Period	January 1–December 31 each year
Scope	The performance evaluation covers the Board of Directors, individual directors, functional committees (the Remuneration Committee, the Audit Committee, and the Risk Management).
Method	Internal self-evaluation of the Board of Directors, board members' self-evaluation, peer evaluation, appointment of external professional organizations or experts for performance evaluation at least once every three years, or other appropriate methods.
Content	1. The board performance evaluation indicators shall cover at least the aspects below: Degree of involvement in the Company's operations; improvement to the quality of the Board of Directors' decision-making; composition and selection of members of the Board of Directors; election of directors and their continuing education; internal control. 2. The board member performance evaluation indicators shall cover at least the aspects below: Alignment with the Company's goals and mission; awareness of responsibilities as a director; degree of involvement in the Company's operations; management and communication of internal relations; directors' professional and continuing education; internal control. 3.The functional committee performance evaluation indicators shall cover at least the aspectsbelow: Degree of involvement in the Company's operations; awareness of responsibilities as a functional committee member; improvement to the quality of the functional committee's decision-making; composition and selection of members of the functional committees; internal control.

■ Self-evaluation indicators and grades for performance evaluation of the board of directors and functional committees

1 Very dissatisfied; 2 Dissatisfied; 3 Average; 4 Satisfied; 5 Very satisfied

Board performance self-evaluation	Board member performance self-evaluation	Audit Committee performance self-evaluation	Remuneration Committee performance self-evaluation	Risk Management Committee performance self-evaluation
26 self-evaluation indicators	20 self-evaluation indicators	21 self-evaluation indicators	19 self-evaluation indicators	18 self-evaluation indicators

■ Self-evaluation results of 2023

1 Very dissatisfied; 2 Dissatisfied; 3 Average; 4 Satisfied; 5 Very satisfied

Board performance self-evaluation	Board member performance self-evaluation	Audit Committee performance self-evaluation	Remuneration Committee performance self-evaluation	Risk Management Committee performance self-evaluation
4.99 points	4.95 points	4.97 points	4.91 points	4.98 points

i. Performance evaluation of the board of directors and director members: All indicators range from 5 points (very satisfied) to 4 points (satisfied). The board of directors operates well and meets corporate governance requirements and directors' expectations.

ii. Performance evaluation of each functional committee: Each indicator ranges from 5 points (very satisfied) to 4 points (satisfied). The functional committee operates well and complies with corporate governance requirements. The above-mentioned performance self-evaluation results were reported to the Salary and Remuneration Committee and the Board of Directors on February 16,

■ Explanation of the implementation of improvements due to low self-evaluation results in the past year (2022)

Item	Indicators with a lower average score	Countermeasure
1	Directors clearly understand the characteristics and risks of the Company 's industry	1. In February, August, and November 2023, provide relevant laws and regulations and precautions to the new directors and all directors elected in the ninth term before taking office, and arrange company operation briefings and production line visits to understand the company's operating status.。 2. In 2023, directors and independent directors will assist the company in passing the Sinosteel Fine Materials merger and acquisition and the 2024 budget.。
2	Directors make effective contributions at Board of Directors meetings, such as making specific recommendations on motions, etc.	
3	The Directors clearly understand the Company, the Company's management team and the Company's industry to make professional and appropriate judgment	

（3） External evaluation is as follows：

Evaluation cycle/ evaluation period	Assessment scope	Assessment method	Assessment content
Performed at least once every three years / 2021.07.01 ~ 2022.06.30	Board of Directors, Board Members and Functional Committees of the Board of Directors	The China Corporate Governance Association, a corporate body, reviewed in writing the relevant documents required for the assessment provided by the company, and appointed four assessment experts to the company on August 11, 2022 to conduct an on-site visit and interview the company's chairman and board of directors on the functionality of the company. Committee convener, general manager, deputy general manager, corporate governance director and chief auditor, etc.	Review the operation of the company's board of directors from eight aspects including board composition, guidance, authorization, supervision, communication, internal control and risk management, board of directors' self-discipline, and other aspects such as board meetings and support systems.

The company entrusted the "China Corporate Governance Association" to conduct a board of directors effectiveness evaluation in 2022 and submitted an evaluation report on August 17, 2022. The company will report the results to the board of directors and the salary and remuneration committee on October 26, 2022 and February 21, 2023. . The Chinese Corporate Governance Association issued the "Board of Directors Performance Evaluation Certificate". The overall evaluation, recommendations and the company's improvement implementation status are as follows:：

(I) Overall Comments:

i. Your company invited a third-party professional and independent organization to assist in the performance evaluation of the Board of Directors, which demonstrates the proactive attitude of your Board of Directors in implementing the corporate governance system and enhancing the effectiveness of the Board of Directors, and seeks opportunities for further improvement through a credible and objective review.

ii. Considering the risks that may arise in the process of transformation and innovation, the Board of Directors formally approved the establishment of a "Risk Management Committee" on July 28, 2021, which will meet at least twice a year and set up a "Risk Control Team" to provide information and risk assessment on relevant proposals, and report and discuss them with the Risk Management Committee and finally report them to the Board of Directors, which fully demonstrates that the Company attaches importance to risk control and response.

iii. Your company attaches importance to the international trend of sustainable development and incorporates ESG-related concepts such as carbon neutrality, circular economy and social welfare into the company's long-term development strategy and implements them into its daily operations. At the same time, ESG-related issues will be incorporated into the performance indicators of senior managers and employees in each department to actively promote sustainable management.

iv. The Company's "Management Strategy" was developed by senior management and the Board of Directors through numerous interactive meetings. The "Annual Budget" is a preliminary set of objectives, plans and operating statements proposed by the management team, which are reported and discussed by the Audit Committee and then submitted to the Board of Directors for resolution, demonstrating the professionalism and responsibility of the Board of Directors.

(II) Recommendations and Improvements in Implementation

Recommendation 1: Your company should provide a complete manual for new directors to perform their duties before they take office, and then the Corporate Governance Officer can arrange business briefings by the relevant units according to the needs of directors after they take office, so that new directors can fully understand the operation of the company. It is recommended that the Company systematize the aforementioned practices and establish a training program for new directors to strengthen the relevant systems of corporate governance.

Improvements in implementation: The Company's current practice is to provide directors with relevant laws and regulations, precautions to be taken, briefings on the Company's operations and site visits to production lines prior to their appointment, and also provide assistance in attending corporate governance-related courses, etc., but these are not explicitly provided for in the Management Regulations. The proposed amendments to certain provisions of the Code of Corporate Governance Best Practice Principles have been submitted to the Board of Directors for consideration and approval in the first quarter of 2023 to facilitate compliance.

Recommendation 2: Your company has a "Whistleblower System Management Regulations", in which the Audit Office Department receives reports of incidents, and after an internal investigation, submits them to the president or the Chairman or Independent Directors depending on the significance of the incident. However, the whistle-blower mechanism places primary importance on the knowledge of the Board of Directors, especially Independent Directors. It is recommended that the Company set up a reporting channel for the Independent Directors (or the Audit Committee) to receive reports simultaneously to further strengthen the whistle-blower mechanism.

Improvements in implementation: On August 24, 2022, the Company completed the establishment of a whistleblower mailbox as proposed; and submitted to the Board of Directors in the fourth quarter of 2022 a review of and amendments to some of the provisions of the "Internal Important Information Processing Procedures".

Recommendation 3: It is recommended that the Company establish a mechanism and procedures for the reporting of occasional material information to regulate the material events that should be reported immediately, the reporting procedures, and the reporting deadlines, etc. The reporting procedures should cover all Board members to ensure that outside directors can fully grasp material information of the Company during non-meeting periods, so that the directors can better perform their supervisory duties.

Improvements in implementation: The Company's current material incidental events are required by law to be communicated by the Finance Department to all Board members simultaneously after the release of material information, but are not explicitly stated in the operating procedures; in 2022 Q4, an amendment to Article 5 of the "Internal Important Information Processing Procedures" has been submitted to the Board of Directors for consideration, specifying that all Board members are to be included in the reporting.

4. The objectives of reinforcement of the competency of the Board of Directors in the current year and the most recent year and the implementation:

- Reinforce the functions of the Board of Directors and functional committees:
  - As per Article 14 of the Articles of Incorporation, there shall be seven directors on the board. With a candidate nomination system adopted, directors shall be elected by the shareholders' meeting from the list of candidates to serve a term of three years and may be re-elected.
  - The Company has established an Audit Committee, a Remuneration Committee, and a Risk Management Committee, to evaluate and manage all strategies, operations, finances, and hazards that may affect the Company’s operations and profits. Each functional committee is entirely composed of independent directors. With their independence and professionalism, they strengthen the Company’s corporate governance and the functions of the Board of Directors.
  - The manager reports to the board of directors on the results of the implementation of the Company's sustainable development, the operation and implementation of ethical corporate management, concerns and responses of stakeholders, intellectual property management plans and implementation, information security management implementation, etc., and includes goals and suggestions for operational strategies.

3.The operations of the Audit Committee:

i. The Audit Committee held six meetings during the most recent year (2023), and members' attendance is as follows:

Job title	Name	Attendance in person	Attendance by proxy	Attendance (%)	Remarks
Independent Director	Liang, Su-Mei	6	0	100.00	Took office on The regular meeting of shareholders on June 16, 2023 passed the comprehensive re-election of the ninth directors and all were re-elected.
Independent Director	Tsai, Ming-Chi	5	1	83.33	
Independent Director	Fang, Chen-Hua	6	0	100.00	

ii. Additional information on the operations of the Audit Committee

（1） Where matters under Article 14-5 of the Securities and Exchange Act have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors, the date of the board meeting, the session, the content of the proposal, the Audit Committee's resolution results, and the Company's response to said opinions shall be specified:

Date/Session of meeting	Content of proposal	Board of Directors Resolution results	Audit Committee Resolution results
2023.02.21 The 8th 15th time board meeting cum The 3rd session 14th time Audit committee meeting	Matters discussed No. 1: The company's 2022 annual business report and financial statements.	Passed by all directors present.	Passed by all committee members present.
	Discussion item No. 3: The company's 2022 earnings distribution case.		
	Discussion Matter No. 4: Submission of the company's 2022 "Internal Control System Self-Inspection Report (including Internal Control System Statement)".		
	Discussion item No. 6: It is proposed to appoint Accountants Wang Zhaoqun and Accountant Guo Liyuan of Qinye United Accounting Firm as the certifying accountants for the company's financial reports, and the audit quality index (AQI) report will be effective from the first quarter of 2020.		
	Discussion item 7: Amendment to the company's "Code of Corporate Governance Practice".		
2023.04.28 The 3rd session 15th time Audit committee meeting	Discussion item 1: The company plans to acquire the equity of Changzhou Sinosteel Precision Forging Co., Ltd. with cash and new shares as consideration, and it is proposed to appoint an independent expert to issue a reasonable opinion on the equity price.	N/A	All members present agreed to pass.
2023.05.05 16th meeting of the 8th term of the Board of Directors and 16th meeting of the 3rd term of the Audit Committee	Discussed matter No. 1: The company plans to acquire 70% of the equity of Changzhou Sinosteel Precision Forging Co., Ltd. with cash and new ordinary shares as consideration.	Passed by all directors present.	Passed by all committee members present.
	Discussion Matter No. 2: The Company's Consolidated Financial Statements for the First Quarter of 2023.		
	Discussion item No. 3: Amendment to the company's Articles of Association.		
	Discussion item No. 4: Amendment to the Company's "Rules of Procedure for Shareholders' Meetings".		
	Discussion item No. 5: Amendment to the company's "Insider Trading Prevention Management Procedures".		
	Discussion item No. 6: Amendment to the company's "Code of Corporate Governance Practice".		
2023.08.02 2th meeting of the 9th term of the Board of Directors and 1th meeting of the 4rd term of the Audit Committee	Discussion Matter No. 2: The Company's Consolidated Financial Statements for the Second Quarter of 2023.	Passed by all directors present.	Passed by all committee members present.
	Discussion Matter No. 3: The Company's 2023 Bank Short-term Credit Line Increase Case.		
	Discussion item No. 4: Submit the company's capital loan and quota case to the reinvested company.		
	Discussion item No. 5: Submit the case of the company endorsing the guarantee limit for the reinvested company.		
2023.10.27 3th meeting of the 9th term of the Board of Directors and 2th meeting of the 4rd term of the Audit Committee	Discussion Matter No. 1: The Company's Consolidated Financial Statements for the Third Quarter of 2023.	Passed by all directors present.	Passed by all committee members present.
	Discussion Matters Case No. 3: Our company is a capital loan and quota case for a reinvested company.		
	Discussion item No. 5: Amendment to the "Position Authorization Form" attached to the company's hierarchical authorization method.		

Date/Session of meeting	Content of proposal	Board of Directors Resolution results	Audit Committee Resolution results
2023.11.02 4th meeting of the 9th term of the Board of Directors and 3th meeting of the 4rd term of the Audit Committee	Discussion item No. 1: The company's 2024 budget proposal. Discussion Matter No. 2: The Company's 2024 "Annual Audit Plan". Discussion Matter No. 3: Submit the company's new short, medium and long-term credit limit case. Discussion Matter No. 4: The company's application for short- and medium-term bank credit lines in 2024.	Passed by all directors present.	Passed by all committee members present.
The company's handling of the opinions of the audit committee: all proposed proposals must be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution.			

■ Except for the above matters, matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

（2） In the event of independent directors' recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

（3） Communication between independent directors and the chief internal auditor/CPAs:

①Communication between the chief internal auditor and the Audit Committee is as follows:

In addition to attending quarterly Audit Committee meetings and reporting to the Board of Directors on recent auditing business performance, internal auditing officers of the Company provide independent directors with written audit reports and improvement follow-up reports on a monthly and quarterly basis, and communicate directly with independent directors by email or phone or face-to-face as necessary, allowing them to better understand more immediately and supervise the Company's overall operational and financial risks. An interactive meeting with independent directors is held at least once a year to report on the implementation of the Company's recent audit projects, defects identified and abnormal matters in the internal control system, as well as issues improvements made and follow-up actions.

■Communication meetings between the chief internal auditor and the Audit Committee during 2023:

Audit Committee Interaction Date	Interaction and Attendees	Communication Focus	Independent Directors' Opinions and Communication Results
2023.11.02 Audit Office and Independent Director Interaction	Independent Director Liang, Su-Mei Independent Director Tsai, Ming-Chi Independent Director Fang, Chen-Hua Audit Office Liu, Cheng-Yen	1. Main findings and improvements in the audits for the first three quarters of 2023. 2. 2024 "Annual Audit Plan"	Opinion of the independent directors: The management team should follow the internal control system, strengthen corporate governance, strengthen education and training for managers of overseas subsidiaries, and take stock of manpower gaps in advance.

■ The chief internal auditor's attendance at the board meetings and interaction with the independent directors during 2023 are as follows:

Date/Session of the board meeting	Content of proposal	Independent directors' opinions	Response to independent directors' opinions
2023.02.21 The 15th session of the 8th session board meeting cum The 15th session of the 3rd session Audit committee meeting	1. From October 2022 to December 2022, a total of 12 audit work items were inspected and 12 audit reports were issued. 2. "Self-inspection report on internal control system (including internal control system statement)" for 2022.	No opinion was expressed.	Passed without objection.
2023.05.05 The 16th session of the 8th session board meeting	From January 2023 to March 2023, a total of 11 audit work items were inspected and 11 audit reports were issued.	No opinion was expressed.	N/A.
2023.08.02 The 2th session of the 9th session board meeting cum The 1th session of the 4rd session Audit committee meeting	A total of 14 audits were performed with 14 audit reports issued from April 2023 through June 2023.	No opinion was expressed.	N/A.
2023.10.27 The32th session of the 9th session board meeting cum The 2th session of the 4rd session Audit committee meeting	From July 2023 to September 2023, a total of 14 audit work items were inspected and 14 audit reports were issued.	No opinion was expressed.	N/A.

②The interaction between CPAs and the Audit Committees/independent directors is as follows:

The CPAs reported to the independent directors based on their professional judgment and response to audit issues, including audit scope, audit findings, potential risks and impacts of financial statements, latest laws and information security awareness raising, internal control implementation, and other important findings, to allow each independent director to comprehensively understand CPAs' audit results and opinions.

■ Communication meetings between CPAs and the Audit Committee during 2023:

Date of meeting with the Audit Committee	Interaction and Attendees	Communication Focus	Independent Directors' Opinions and Communication Results
2023.11.02 CPA and Independent Director Interaction	Independent Director Liang, Su-Mei Independent Director Tsai, Ming-Chi Independent Director Fang, Chen-Hua CPA Wang, Chao-Chun Corporate Governance Officer Chang, Chia-Wen	I. Internal control audit scope and the Group's audit and methods II. Remote audits – Taicang Thintech III. Identification of significant risks and assessment of fraud IV. Key audit matters V. Other matters and latest laws (transparent reporting and application of investment deductions for research expenses and equipment expenses)	CPA communicate with independent directors individually without relevant records.

■ Communication meetings between CPAs and Managers during 2023:

Date of meeting with the Audit Committee	Interaction and Attendees	Communication Focus	Independent Directors' Opinions and Communication Results
2023.02.21 CPA and Independent Director and Management Interaction	Independent Director Liang, Su-Mei Independent Director Tsai, Ming-Chi(Video) Independent Director Fang, Chen-Hua CPA Wang, Chao-Chun Chairman Huang, Chung-Chia President Pan, Yeong-Tsuen Vice President Lin, Ching-Chun Corporate Governance Officer Chang, Chia-Wen	1. Conclusions on internal control and annual financial statement review for 2022 2.The effectiveness of the internal control over the recognition of sales revenue of bank deposited silver materials of ThinTech Company and its subsidiaries 3.Items implemented for internal control in 2022 include sales and collection cycle, purchasing and payment cycle, production cycle, salary cycle, real estate, plant and equipment cycle, investment cycle.(derivatives), information environment and general computer control 4.Communicate with corporate governance units to pre-approval non-confidential services	Chairman Liang Sumei asked: When CB3 is converted into share capital, the registration of capital change requires an accountant's visa. Are the above included in the list? Accountant Wang replied: If the company cannot handle the domestic industrial and commercial change registration by itself, it needs the assistance of an accountant, which is included in this item. Regarding the pre-approval and individual approval non-confirmation service policies and content, the "ThinTech Company's routine non-confirmation services" have been listed first. "Confirm the Service List", do the members of the review committee present, the company managers and the financial director have any questions? Chairman Liang Sumei: There is no problem with pre-approval and individual approval of non-certified service policies and contents. Members of the review committee present at the "ThinTech Company's Routine Non-Confirmed Service List" agreed to ask accountants to compile implementation projects and costs on a semi-annual basis. Provide reports to managers.

■ The CPA attends the Board of Directors meetings in the first and fourth quarters of 2023 and attends the Audit Committee meeting in the fourth quarter to communicate and discuss matters related to financial reporting; the CPAs of the Company held several separate meetings with the independent directors individually through the Audit Committee based on their professional judgment.

Board of Directors Date/Session	Content of proposal	Independent directors' opinions	Response to independent directors' opinions
2023.02.21 15th meeting of the 8th term	Discussion and communication on the 2022 consolidated financial statements.	No opinion was expressed.	N/A.

■ 2023 Interactive Communication Meeting between Managers and Audit Committee:

Date/	Content of proposal	Independent directors' opinions	Communicate results
2023.10.03 Interaction between managers and independent directors	Independent Director Liang, Su-Mei Independent Director Tsai, Ming-Chi(Video) Independent Director Fang, Chen-Hua President Pan, Yeong-Tsuen Vice President Lin, Ching-Chun Accounting ManagerChang, Chia-Wen	Discuss the 2023 budget proposal, including the rationality of revenue, expenses and cost preparation	Opinion of the independent directors: The operating difficulties of the industry give encouragement to the management team. The profit estimates of long-term investments outside the industry are too optimistic and should be carefully evaluated before being submitted to the board of directors for review.

iii. Major tasks of the Audit Committee

Matters reviewed and major tasks	
1. Financial statements and accounting policies and procedures 2. Evaluation of the effectiveness of the design and implementation of the internal control system and the statement of the internal control system 3. Material loans to others and endorsements/ guarantees provided to others 4. Engaging in derivatives trading 5. Significant assets or investments in cash 6. Compliance with laws and regulations 7. The potential related-party transactions by managers or directors and potential conflicts of interest (non-compete clause)	8. Complaint report 9. Ethical management and ethical conduct audit reports 10.Subsidiaries' independent audit and investigation reports 11. Company risk management 12. CPAs' qualification and independence audits 13. Appointment, dismissal, and remuneration of CPAs 14.Appointment or dismissal of the chief financial officer and accounting officers, the internal auditor, and the corporate governance officer

● Review finance report

The Board of Directors prepared the 2023 parent company only and consolidated financial statements, a statement of earnings distribution, and a business report, among which the parent company only and consolidated financial statements have been audited by Wang, Chao-Chun and Kuo, Lee-Yuan, CPAs at Deloitte & Touche, by whom an audit report, along with an unqualified opinion, has been issued. We have reviewed said documents and did not find any misstatement.

● Evaluate the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the internal control system (including financial, operational, risk management, information security, outsourcing, and legal compliance and other control measures) and reviews the auditing department, CPAs, and management's periodic reports and legal compliance. With reference to the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee concluded that the Company's risk management and internal control system is effective.

● Appointment of CPAs

In order to ensure the independence of the CPAs firm, the Audit Committee established an independence evaluation form with reference to Article 47 of the Certified Public Accountant Act and Statement No. 10 "Integrity, Impartiality, Objectivity and Independence" of the CPA professional and ethical guidelines, to assess the independence (whether they are related parties of the Company, have business or financial interests in each other, etc.), professionalism and appropriateness of the CPA . We require the CPAS to provide a statement of independence each year and submit it to the Audit Committee and the Board of Directors to review their independence and check whether they are a shareholder or director of the Company, have any other personal interest involved in the Company's business except for the tasks entrusted, accept gifts of great value from the Company's directors, managers, or major shareholders, and the rotation of accountants is in compliance with applicable laws and regulations. On February 21, 2023, the Audit Committee and the Board of Directors approved the appointment of CPA Wang, Chao-Chun and CPA Kuo, Lee-Yuan as CPAs from the first quarter of 2023. On February 16, 2024, the Audit Committee and the Board of Directors considered and approved "audit quality indicators (AQIs)" and that CPA Wang, Chao-Chun, CPA Kuo, Lee-Yuan as and audit team members of Deloitte & Touche met the independence assessment standards.

iv. From 2023 to the printing date of the annual report, the independent directors passed the ninth comprehensive re-election of directors at the shareholders' meeting on June 16, 2023, and all were re-elected. The current independent directors are the second term, and none of them has served more than three terms.

4.Implementation of corporate governance:

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		1. The Company formulated the Corporate Governance Best Practice Principles in March 2019, amended it as per the current regulations in May 2023, and disclosed it on the Market Observation Post System (MOPS) and the Company's website. 2. To protect shareholders' rights and interest, implement the Company's ethical management, and enhance our corporate governance and business information transparency, we have formulated the Corporate Governance Best Practice Principles, the Code of Ethical Conduct, and the Standard Operating Procedures for Handling Directors' Requests in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and implemented them accordingly.	We proceed in accordance with the Corporate Governance Best Practice Principles.
II. The Company's shareholding structure and shareholders' equity (I) Has the company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	(I) V		(I) We have a spokesperson and an acting spokesperson in place and handle shareholders' suggestions and disputes with them through a shareholder service agency and attorneys.	(I)~(IV)We proceed in accordance with the Corporate Governance Best Practice Principles.
(II) Does the company have a list of the major shareholders with ultimate control over the company and a list of the ultimate controllers of the major shareholders?	(II) V		(II) The Company's ultimate parent company is China Steel Corporation, in which Gains Investment Corp.holds 31.86% of the shares, Ever Wealthy International Corporation holds 8.32%, and United Renewable Energy Co., Ltd. holds 9.52%. Its shareholder structure is simple. We keep abreast of relevant information and a list of major shareholders through a shareholder service agency. Moreover, our directors and major shareholders file a report on their shareholdings per month as required.	
(III) Has the company established and implemented a risk control and a firewall mechanisms between itself and affiliates?	(III) V		(III) We have formulated the Related Party Transaction Management Regulations and the parent-subsidiary transaction manual and clearly regulated the financial or business transactions with affiliates, while having set up a unit dedicated to the management of investees. We supervise and manage subsidiaries in accordance with the Subsidiary Supervision and Management Regulations as well as applicable laws and regulations, while providing them with advice on their operations and business management, market trends, exchange rate risks, the impact of new laws and regulations on business, as well as risks and firewall mechanism management and control to fulfill our obligations as a prudent administrator. We insist on the principles of legality and reasonableness for transactions with other enterprises in the Group.	
(IV) Has the company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	(IV) V		(IV) 1. We adopt integrity and ethical management as our highest guiding principle for operations. We insist on integrity, fairness, and impartiality either externally or internally, implement ethical management, and abide by various laws and regulations, while conducting business as per Article 5 of the Ethical Corporate Management Best Practice Principles. 2. To guide our personnel's behavior to be in compliance with ethical standards and allow our stakeholders to understand the Company's ethical conduct standards, we have formulated the Code of Ethical Conduct with reference to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies to prevent illegal and unethical conduct. Our directors, managers, or employees are not allowed to request or accept bribes or engage in fraudulent behavior when performing their duties. We have also formulated the Procedures for Handling Material Inside Information, the Procedures for Handling Material Inside Information and Managing Insider Trading Prevention, and the Whistleblowing Mechanism Management Regulations as per laws and regulations. 3. The Board of Directors approved the amendments to Article 10, paragraph 4 of the Corporate Governance Best Practice Principles, "Public companies shall pay attention to shareholders' right to know and prevent insider trading" on February 18, 2022. We raise personnel's awareness in writing (by email) before the quarterly board meeting is held to approve the financial statements, "Stock trading control measures for the Company's insiders from the date of their learning about the Company's financial statements or relevant performance data include (but are not limited to) the restrictions that directors and insiders shall not trade their shares during the 30 days before the disclosure of the annual financial statements and during the 15 days before the disclosure of the quarterly	

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			financial statements." 4. We offer courses on ethical management each year, and the Administrative Management Department holds an awareness-raising event on applicable laws and regulations per year. The Company held seven Board of Directors meetings in 2023. Directors, managers, employees, managers of important units and subsidiaries are notified of the meeting dates and the closing period of each quarter's financial reports to prevent directors and insiders from accidentally violating the regulations. In 2023, directors, managers, and employees will participate in the Integrity Management and Ethics In the internal and external training courses related to the code of conduct and the course promoting the prohibition of insider trading, directors were reminded not to trade their stocks during the closed period of 30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement, a total of 822 people , 393 hours, with an achievement rate of 100%, and reported to the board of directors on the promotion and implementation of integrity management on November 2, 2023. Disclosed the implementation results on the Company's website https://reurl.cc/j3KX3y .	
III. Composition and responsibilities of the Board of Directors (I) Has the board of directors formulated a diversity policy and specific management objectives and implemented them accordingly?	(I) V		(I) 1. Board diversity, professionalism, and independence: As per Article 14 of the Articles of Incorporation, there shall be seven directors on the board. With a candidate nomination system adopted, directors shall be elected by the shareholders' meeting from the list of candidates to serve a term of three years and may be re-elected. As per Article 20, paragraph 3 of the Company's Corporate Governance Best Practice Principles, the Company shall take into account the diversity principle for the board structure; the number of directors who also serve as the Company's managers is advised not to exceed one-third of all directors; the Company shall draw up an appropriate diversity policy as per the operations, business model, and development needs, which may include but not be limited to the two criteria below: (1) Basic criteria and values: Gender, age, nationality, and culture, and the ratio of female directors should reach one-third of the board. (2) Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. As per Article 20, paragraph 4 of the Company's Corporate Governance Best Practice Principles, board members should possess the knowledge, skills, and qualities needed to perform their duties. The Board of Directors as a whole should possess the capabilities and skills below to achieve the ideal goals of corporate governance: (1) Business judgment. (2) Accounting and financial analysis. (3) Business management. (4) Crisis management. (5) Industry knowledge. (6) International market perspective. (7) Leadership. (8) Decision-making. 2. To enhance the diversity of board members, the targets set are as follows: (1) The Board of Directors consists of seven directors. We focus on gender equality in the board structure and aim to have at least one female director (14.29%) on the board. (2) In alignment with the diversity policy, we manage to prevent board members' professional backgrounds and expertise from being too similar and enable them to provide the Company with professional insight, financial and operational risk warnings, as well as approaches to innovating products, so we aim to increase the percentage of directors with expertise in financial accounting and risk management to 50% or higher and that in technological innovation to 40% or higher. 3. Implementation: (1) The Company adopted the nomination system for the first time	(I)~(IV)We proceed in accordance with the Corporate Governance Best Practice Principles.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			in the selection of directors in 2020. The ninth session of directors was fully re-elected at the shareholders' meeting on June 16, 2023. As a result, among the 7 directors, there are 5 male directors and 2 female directors. The company has a total of 2 female directors, with a ratio of 28.57 %. （2） The Company's development focuses on compliance with laws and regulations, technological innovation, and integrated transformation. Therefore, when selecting directors, we will consider educational experience, age, areas of expertise, and gender balance. We will search for candidates in the industry and academia, and consider our 5-year business development strategy and goals. The independent directors include one accountant, who will supervise and review financial report quality, financial risk warning, and provide professional advice on accounting standards compliance; and a national university professor with expertise in mechanical engineering management and technological innovation, providing advice on product technology and product development. Other board members include ones that are familiar with the overall pulse of the target industry, understand the target market, integrating upstream and downstream relationships and competitive advantages of the target, and are adept at paying attention to corporate governance, financial management, marketing strategies, as well as identifying and warning operational risks, and formulating response strategies. At present, four of the Company's board members excel at financial accounting, accounting for 57% of all directors; four are equipped with risk management, product R&D, and market development risk management capabilities, accounting for 57%; two are good at technological innovation, accounting for 29%. Please refer to Chapter 4. Disclosure of information on directors' professional qualifications and the independence of independent directors, and 5. Board diversity and independence for relevant tables, analysis, and relevant implementation status.	
(II) Has the company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?	(II) V		(II) At present, the Company has established a salary and compensation committee and an audit committee. In order to accurately grasp operational and environmental risks, a risk management committee was established in 2021 and reported on its operations to the board of directors at least once a year. Relevant information has been disclosed on our company website. The above functional committees are composed of three independent directors.	
(III) Has the company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	(III) V		(III) The company has formulated the "Board of Directors Performance Evaluation Methods" approved by the board of directors, which will be revised and approved by the board of directors in 2021. The company conducts an annual evaluation on the performance of the board of directors, individual director members, audit committee, salary and remuneration committee and risk management committee, which is completed before the end of the first quarter of the following year. The evaluation shall be carried out at least once every three years by an external professional independent organization or a team of external experts and scholars, and the internal and external evaluation results shall be submitted to the board of directors for that year as a reference for future selection or nomination of directors, as well as for individual directors (excluding independent directors). Performance evaluation results serve as a reference for determining the distribution of remuneration to corporate directors. ■ Internal assessment **Item** / **Description** Cycle: Self evaluation is conducted once per year Period: January 1–December 31 each year Scope: The performance evaluation covers the Board of Directors, individual directors, functional committees (the Remuneration Committee, the Audit Committee, and the Risk Management Committee. Method: Internal self-evaluation of the Board of Directors, board members' self-evaluation, peer evaluation, appointment of external professional organizations or experts for	

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	

	performance evaluation at least once every three years, or other appropriate methods.
Content	1. The measurement items for the performance evaluation of the board of directors should include at least the following five aspects: (1) level of participation in the company's operations, (2) improvement of the decision-making quality of the board of directors, (3) composition and structure of the board of directors, (4) selection and continuous training of directors, and (5) internal control. 2. The measurement items for the performance evaluation of directors and members should include at least the following six aspects: (1) mastery of company goals and tasks, (2) understanding of directors' responsibilities, (3) level of participation in company operations, (4) internal relationship management and communication, (5) professional and continuous training of directors, and (6) internal control. 3. The measurement items for performance evaluation of functional committees should include at least the following five aspects: (1) level of participation in company operations, (2) awareness of functional committee responsibilities, (3) improvement of decision-making quality of functional committee, (4) composition and member selection of functional committee, and (5) internal control.

■ The 2022 board and functional committee performance self-evaluation indicators and rating scale: 1 Very dissatisfied; 2 Dissatisfied; 3 Average; 4 Satisfied; 5 Very satisfied.

Board of Directors performance self-evaluation	Board member performance self-evaluation	Audit Committee performance self-evaluation	Remuneration Committee performance self-evaluation	Risk Management Committee performance self-evaluation
26 self-evaluation indicators	20 self-evaluation indicators	21 self-evaluation indicators	19 self-evaluation 19 indicators	18 self-evaluation 18 indicators

■ 2023 self-evaluation results

Board of Directors performance self-evaluation	Board member performance self-evaluation	Audit Committee performance self-evaluation	Remuneration Committee performance self-evaluation	Risk Management Committee performance self-evaluation
4.99 points	4.95 points	4.97 points	4.91 points	4.98 points

①Performance evaluation of the board of directors and director members: Each indicator ranges from 5 points (very satisfied) to 4 points (satisfied). The board of directors operates well and meets corporate governance requirements and directors’ expectations.

②Performance evaluation of each functional committee: Each indicator ranges from 5 points (very satisfied) to 4 points (satisfied). The functional committee operates well and complies with corporate governance requirements. The above performance self-evaluation results will be reported to the Salary and Remuneration Committee and the Board of Directors on February 16, 2024 for the 2023 Board of Directors performance evaluation results.

■ The company entrusted the "China Corporate Governance Association" to conduct an evaluation of the board of directors' effectiveness in 2022, and submitted an evaluation report on August 17, 2022. The company reported to the board of directors and the salary and remuneration committee on October 26, 2022 and February 21, 2023. result. Please refer to Chapter 3. Corporate Governance Operations, (2) Other matters that should be recorded on the operations of the Board of Directors, and (3) Evaluation of the execution status of the Board of Directors and functional committees

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(IV) Does the company regularly assess the independence of the CPAs?	(IV) V		for the company's improvement implementation status. (IV) The audit committee of the Company evaluates the independence and competence of its certified public accountants annually. In addition to requiring certified public accountants to provide a "detached independence statement" and "audit quality indicators (AQIs)," the audit committee evaluates the accountants based on five major aspects and 13 AQI indicators. It also verifies that the accountants are not shareholders, directors, and have no interests or business relationships other than those entrusted by the "routine non confident service list", and have not accepted gifts from Company management, and finally that accountants are rotated in accordance with relevant laws and regulations. Referring to AQI indicator information, it is confirmed that accountants and firms have better training hours, quality control, and investment than the industry average. In addition, digital and cloud audit tools will continue to be introduced to improve audit quality. The evaluation results of the most recent year have been reported on February 16, 2024 after the audit committee discussed and approved the accountant independence, accountant rotation appointment plan and audit quality index (AQI) assessment on February 21, 2023 and February 16, 2024. The board of directors passed the assessment of the independence and competency of the accountants.	
IV. Has the company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		(I) The director of Corporate Governance Officer of the Company has been appointed by the board of directors as the deputy director of Financial Accounting Officer, Chang, Chia-Wen, whose main responsibility is to supervise the operation of corporate governance. According to the authority and responsibilities of the Finance Department, competent and appropriate personnel are set up to handle corporate governance affairs, are responsible for handling director requirements, assisting directors in performing their duties, including handling matters related to meetings of the board of directors (including functional committees) and shareholders' meetings, taking meeting minutes, assisting directors in taking office and continuing their education, providing information necessary for directors to conduct business, and assisting directors in complying with laws and regulations as well as any other matters stipulated in accordance with the company's articles of association or contract. (II) Corporate governance affairs handled during this year: (1) Formulated and planed relevant measures for corporate governance and ensured compliance. (2) Provided the directors with the materials needed to perform their duties and assisted them in complying with laws and regulations. (3) Planned board meetings (including all functional committee meetings), notified all directors at least seven days before such meetings, and provided adequate meeting materials, while sending the board meeting minutes to directors within 20 days after each board meeting. (4) Completed the registration of the date of the shareholders' meeting in advance as per law, prepared a meeting notice, a meeting handbook, and meeting minutes prior to a deadline as specified in law and completed the change registration after the amendments to the Articles of Incorporation or the election of directors. (5) Arranged continuing education courses for directors and purchased liability insurance for directors and important officers. (6) Maintained investor relations, held investor conferences, and established a variety of communication channels with investors. (7) Handled other matters as specified in the Articles of Incorporation or contracts. (III) Corporate governance in relevant aspects of corporate social responsibility is implemented by various departments on a concurrent basis. The Finance Department is responsible for implementing corporate governance, the Administrative Management Department is responsible for implementing social charity initiatives and the ethical management policy for all employees, and the labor safety unit is responsible for implementing environmental protection initiatives. They need to report to the Board of Directors from time to time. (IV) Corporate Governance Officer's training: The number of statutory training hours completed by Director Chang, Chia-Wen, a corporate governance officer, in 2023, is shown in the table below:	We proceed in accordance with the Corporate Governance Best Practice Principles.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Date of training</th><th>Organizer</th><th>Course</th><th>Training hours</th></tr>
<tr><td>2023.08.11</td><td>Taiwan Investor Relations Institute</td><td>Insights into corporate fraud risks and preventive countermeasures from actual cases</td><td>3 hours</td></tr>
<tr><td>2023.08.14</td><td>Taipei Financial Research and Development Foundation</td><td>Tax Money Laundering Risk Prevention-Eight National Money Laundering Risk Forms</td><td>3 hours</td></tr>
<tr><td>2023.08.24</td><td>Taipei Exchange</td><td>Publicity and briefing session on insider equity of companies listed on the stock market, Kaohsiung</td><td>3 hours</td></tr>
<tr><td>2023.11.27</td><td>Taiwan Investor Relations Institute</td><td>Cross-domain management practices for net-zero carbon emissions</td><td>3 hours</td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the company's website to properly respond to stakeholders' major CSR issues of concern?</td><td>V</td><td></td><td>To pursue sustainable business development, we have discussed with the heads of various departments and identified the Company's major stakeholders (reviewed and approved by the senior managers), including employees, clients, suppliers (contractors), shareholders (investors), society, and government, and have maintained obstacle-free communication with them through various departments as per the scope of their business. In addition to the spokesperson and the acting spokesperson, we have set up a Stakeholders section on the website to respond to important corporate social responsibility matter concerning stakeholders. Report to the board of directors on Nov. 02, 2023 on the communication situation with stakeholders and disclose it on our company's website https://reurl.cc/A4vE2p</td><td>We proceed in accordance with the Corporate Governance Best Practice Principles.</td></tr>
<tr><td>VI. Does the company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?</td><td>V</td><td></td><td>We appoint the Registrar & Transfer Agency Department, KGI Securities Co., Ltd., to handle affairs related to the general shareholders' meeting.</td><td>We proceed in accordance with the Corporate Governance Best Practice Principles.</td></tr>
<tr><td>VII. Information disclosures
(I) Has the company set up a website to disclose information on financial business and corporate governance?

(II) Does the company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the company website)?</td><td>(I) V

(II) V</td><td></td><td>(I) We have set up an Investor section on the Company's website, which can be linked to the MOPS, to regularly disclose the Company's financial information and other relevant information.

(II) We have designated personnel to be responsible for collecting and disclosing the Company's information and implemented a spokesperson mechanism to ensure that information that may affect shareholders' and stakeholders' decision-making process can be disclosed in a timely and appropriate manner. We have released material information in both Chinese and English and presentation materials for investor conferences in both Chinese and English on the MOPS and the Company's website to ensure full discloses of our information.</td><td>(I)~(III)We proceed in accordance with the Corporate Governance Best Practice Principles.</td></tr>
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<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td>(III) Does the company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?</td><td>(III)
V</td><td></td><td>(III) We used to publish the annual financial statements within three months after the end of a fiscal year in accordance with the laws and regulations. To be aligned with Corporate Governance 3.0-Blueprint for Sustainable Development, we aim to publish the annual financial statements within two months after the end of a fiscal year from 2021.
The implementation for this year is as follows. The quarterly and annual financial statements were reviewed and approved by the Audit Committee and then approved by the resolution of the Board of Directors. We published such statements within two months after the end of the fiscal year. We also published and filed the Q1, Q2, and Q3 financial statements in advance prior to a deadline as required and disclosed them on the Company's website at the same time. Meanwhile, the financial statements were approved by the Board of Directors or submitted to the Board of Directors seven days prior to the deadline for publication; we also published the financial statements within one day after the date of approval or submission. The approval and publication dates are as follows.
<table>
<tr><th>Approved by the Board of Directors</th><th>Date of approval by the Board of Directors</th><th>Date of publication</th></tr>
<tr><td>The 2022 financial statements</td><td>2023/02/21</td><td>2023/02/22</td></tr>
<tr><td>The 2023 Q1 financial statements</td><td>2023/05/05</td><td>2023/05/05</td></tr>
<tr><td>The 2023 Q2 financial statements</td><td>2023/08/02</td><td>2023/08/03</td></tr>
<tr><td>The 2023 Q3 financial statements</td><td>2023/10/27</td><td>2023/10/27</td></tr>
<tr><td>The 2023 financial statements</td><td>2024/02/16</td><td>2024/02/16</td></tr>
</table></td><td></td></tr>
<tr><td>VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the company's purchase of directors liability insurance)?</td><td>V</td><td></td><td>(I) Employee rights and interest:
We comply with labor laws and regulations on human rights at home and abroad and treat fairly and respect all employees, including:
1. Formulated working conditions in accordance with labor laws and regulations.
2. Provided equal job opportunities to all job seekers in accordance with the Employment Service Act.
3. Held communication meetings between supervisors and employees from time to time.
4. Launched a staff service hotline at 1805 (sounds like "help you and me in Chinese) and a staff message board.
5. Launched the service hotline at 1805 for sexual harassment complaints and a dedicated email inbox.
6. Recruited medical staff to provide employees with health consultation services on site.
7. Provided employees with free health examination and consultation service per year.
8. Held a labor-management meeting per quarter.
9. Convened the Occupational Safety and Health Committee per quarter.
10. Convened the Employee Welfare Committee from time to time.
11.Provide an anonymous complaint mailbox that is accessible to every employee and is not subject to camera shooting.
12. Organize activities to select and commend outstanding practitioners. The recognition activities encourage colleagues to be conscientious and conscientious and contribute to the company's operating performance, technological innovation, industrial competitiveness, etc. It is used to promote talents, enhance overall morale, and gather colleagues' centripetal force.
13. Important excerpts of the year:
Four labor-management meetings have been held in 2023, with 6 labor and management representatives each as members.
2023 Years of Occupational Nursing provides 12 hours of on-site service every month; occupational medicine specialists provide 3 hours of on-site service every four months; and health service physicians provide 2 hours of on-site service every two months.
Entrust qualified operating environment monitoring agencies to conduct testing in January, April, July and September 2023.
In 2023, 4 Occupational Safety and Health Committee and 8 Employee Welfare Committee meetings were held.</td><td>We proceed in accordance with the Corporate Governance Best Practice Principles.</td></tr>
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Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			The company is equipped with an automatic external electric defibrillator (AED), and the Labor Safety Office arranges basic first aid training courses for first responders every year. In 2023, a total of 6 colleagues stood out and won the title of outstanding practitioners. (II) Employee care 1. The Company has passed the audit and verification by the ISO14001 environmental management system, the ISO 45001 occupational safety and health management system, thereby providing a safe work environment to our employees. 2. We purchase labor and health insurance for employees as per labor and health insurance laws and regulations, and they are entitled to childbirth, illness, medical treatment, and other benefits and allowances. 3. We have established an Employee Welfare Committee, which hold activities, including birthday celebrations and employee travel on a regular basis to relax employees' body and mind, thereby improving their quality of life. 4. We facilitate the development of clubs, and employees can freely participate in the cycling, softball, photography, gardening, health promotion clubs, for employees to bond. 5. We signed a contract with a nearby preschool to provide convenient childcare services. 6. We also have facilities in place, including breastfeeding rooms, a collection of books, and large indoor and outdoor parking spaces, for employees. 7. We grant various cash gifts, education scholarships, as well as wedding and funeral allowances on a regular basis per year. 8. We provide employees with additional production and sales bonuses as per the Company's quarterly operating performance. (III) Client relations 1. We regularly visit clients, engage in technical exchanges with them, and assist them in improving process technology and solving materials and processing technology issues, to establish long-term partnerships on the basis of mutual trust. 2. We require all sales personnel to strictly keep confidential clients' business information in accordance with the confidentiality agreements. 3. We have digital supply chain and electronic sales systems to provide clients with comprehensive supporting services. 4. We conduct a client satisfaction survey in the fourth quarter per year. 5. Annual Important Excerpts: ● We participated in SEMICOM Taiwan 2023. ● In 2023, we will continue to sign "NDA confidentiality agreements" with specific customers to strengthen cooperative relationships. ● Regularly hold technical exchange meetings with the technical department of China Steel in 2023 to improve the quality of technology research and service. ● The average score of the 2023 client service and satisfaction survey is higher than 140 points (out of 145 points). (IV) Supplier (contractor) relations 1. Provide product purchasing specifications. 2.Promote supplier selection, assessment, auditing and coaching visits to factories. Regular risk assessment and identification to strengthen sustainable supply chain. 3.Exchange product information from time to time, grasp the pulse of raw material trends, and forecast stocking management. 4. Annual Important Excerpts: ● New suppliers are evaluated, introduced and signed the "Sustainable Development Declaration"; the original suppliers are updated to sign the "Guarantee for Non-Use of Hazardous Substances". ● Establish ISO material recognition management procedures. ● Signed NDA with important raw material suppliers. ● The average supplier quarterly evaluation score in 2023 is 86.25 points, and the rate of qualified suppliers in the raw material quarterly evaluation is 100%; the average annual supplier evaluation score is 87.2 points, meeting the second-level and above standards. (V) Shareholder (investor) relations 1. We regularly disclose our revenue and irregularly disclose the material information on major resolutions by the Board of Directors and shareholders'	

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			meeting on the MOPS in both Chinese and English as per laws and regulations. 2. We hold the general shareholders' meeting regularly per year and adopt electronic voting to allow investors to vote on proposals and express their opinions. 3. We regularly publish financial reports and annual reports on the MOPS and publish the electronic versions on the Company's website at the same time for the public to download and check. 4. We participate in investor conferences held by securities firms at home and abroad from time to time. 5. We amend internal control management regulations and rules from time to time as per laws and regulations and upload them to the Company's website and the MOPS. 6. We release information on company operations, technology, finance, corporate governance, and ethical management from time to time on the Company's website. 7. Annual Important Excerpts: ● We issued the notes to the revenue announcement before the tenth day of each month to indicate the proportion of precious metal sales to the total revenue, allowing shareholders and investors to be informed of our operating information and improve the quality of our information disclosures. ● In 2023, major resolutions of the board of directors and shareholders' meetings, as well as major non routine company news, were simultaneously released in both Chinese and English at the Public Information Observatory. The Sustainable Development Report includes ESG operations, fully disclosing business decisions, and enhancing the quality of information disclosure. ● In 2023, the English version of the shareholder meeting manual, annual report and 2022 financial report will be released for the first time to enhance the understanding of company information by overseas shareholders and investors. ● A regular shareholders' meeting will be held at the company on June 16, 2023, chaired by the chairman. In addition to answering shareholders' questions directly, the management team also has good interactions with shareholders. ● Complete the board of directors' performance self-evaluation in December 2023 and disclose the results on the company's website. ● On July 21, 2023, the company was invited to participate in the legal person briefing held by Sinosteel Securities and on December 20, 2023, it was invited to participate in the legal person briefing of Sinosteel Group hosted by Fubon Securities to explain the company's operating status to investors. and future trends. (VI) Society 1. We participate in a variety of seminars, forums, public hearings, training courses, exchanges, and mutual visits on policies and laws from time to time. We also publish press releases and interview the spokesperson from time to time. 2. We visit the chief of village per quarter to understand the village's relevant activities and needs and provide resources and assistance needed in a timely manner. 3. We joined the Kaohsiung Personnel Representative Association and participate in its regular meetings and information exchanges. 4. Annual Important Excerpts: ● Neighborhood safety boxes are donated monthly and distributed to marginalized households in urgent need of help through the district chief. In 2023, a total of 20 households will be distributed through the district chief. In the past eight years, a total of approximately 260 marginalized households have been donated, with the hope that the society will continue to be good.. ● In 2023, a rescue campaign was held to encourage employees to purchase overproduced and unsold agricultural products. ● Every year, we assist local people with disabilities with employment and training opportunities. In 2023, we assisted 19 people, and provided a total of 55 people with disabilities a self-sufficient work stage in the past three years.	

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			● In response to World Vision Taiwan's red envelope spreading love campaign, the company set up a voluntary donation box for employees, raising a total of NT$25,000. (VII) Government 1. We visit elected representatives to communicate reasonable regulations and policies with competent authorities. 2. We participate in symposiums, seminars, and various evaluations organized by competent authorities from time to time. 3. Annual Important Excerpts: ● Attend the employer symposium organized by the Kaohsiung Labor Bureau Training and Employment Center in 2023 to understand relevant government policies. ● In 2023, participated in activities related to the Southern District Human Resources Development Center of the Kao P'ing P'eng Tung Branch of the Labor Development Department of the Ministry of Labor, as well as a gave a special lecture on silver haired labor at the Southern District Silver Hair Human Resources Center. ● We participated in seminars and forums on laws online and regulations, promotion of labor-management relations, work safety, and employee health organized by Kaohsiung City Government and the Southern Taiwan Science Park Bureau, Ministry of Science and Technology, during 2023. (VIII) Succession plans for board members and key management personnel and implementation As per the Company's succession plan, in addition to excellent professional capabilities and management skills, a successor must have values consistent with the Company's, and they should be honest, ethical, innovative, and highly motivated. The training for the successors to the top-level management covers management and professional capabilities, job rotation, transfer to other companies in the Group, to comprehensively cultivate their management skills as top-level managers. 1. A succession plan for board members: ● We adopt a candidate nomination system, and the term of office for directors is three years, and they may be re-elected. Unless otherwise stipulated by laws or the Articles of Incorporation, the election of directors should proceed in accordance with the Rules of Election of Directors, with the overall board structure, basic criteria and values (including gender, age, nationality, and culture), as well as professional knowledge and skills (including professional backgrounds, professional skills, and industry experience) considered. ●To achieve the ideal goal of corporate governance, board members should possess the following knowledge, skills, and qualities needed to perform their duties: (1) Business judgment; (2) accounting and financial analysis; (3) business management; (4) crisis management; (5) industry knowledge; (6) an international market perspective; (7) leadership; (8) decision-making. ●The Company selects successors to directors through the methods below: (1) The incumbent directors recommend suitable candidates; (2) shareholders recommend candidates for directors; and (3) the board performance evaluation results are adopted as a reference for the nomination for directors. 2. A succession plan for key management personnel: ●The Company's top-level managers, including the Chairman, the President, and the Executive Vice President, are selected by the parent company, and they have the relevant professional, management capabilities, and an international perspective. As per the Company's succession plan, in addition to excellent professional capabilities and management skills, a successor must have values consistent with the Company's, and they should be honest, ethical, innovative, and highly motivated. For the succession training planning of important management, in addition to inventory and selection of potential successors, individual development plans and agent coaching and other systems are used to assist them to effectively improve their succession ability and shorten the succession time. In terms of training mechanism design, potential successors are arranged to intern in the parent company or affiliated enterprises of the Group, and also complete management development courses.	

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			●In recent years, important management succession plans have been implemented on-site and have been disclosed on the company's website/Investor Zone/Corporate Governance/Succession Planning. https://reurl.cc/RW0M26。Important management succession in 2023: In February 2023, the Company reassigned the vice manager of the production plant, Mr. Gilbert Yeh, to take over the position of vice president of Taicang Hsin Chong Optoelectronics Co. In addition, in order to cultivate diversified talents and potential successors, in July 2023, the director of the production plant, Mr. Huang Rongchang, and the deputy director of the administration department, Mr. Ling Yongfu, were rotated. (IX) Purchase of directors liability insurance We purchase liability insurance for directors and independent directors each year and reported to the 2th meeting of the 9th Board of Directors on August 2, 2023 and disclosed the information on the MOPS in the following month (August 10, 2023). (X) Directors' continuing education The Company's directors (including independent directors), managers, Chief Accounting Officer and the substitute thereof, as well as auditors and substitutes thereof all have relevant industry or professional backgrounds and practical experience in business management, and they take courses on corporate governance from time to time in accordance with the Corporate Governance Best Practice Principles and applicable laws and regulations. All directors (including independent directors) have completed six or 12 hours of course credits for 2023 and declared the information as required. See (Note 1) for details of directors' (including independent directors'), managers', and their substitutes' training.	
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: Based on the results of the tenth (2023) corporate governance assessment released, the company plans to propose improvements in 2024 as follows: 1.#1.16 Will the company hold a regular shareholder meeting before the end of May? Note: In compliance with corporate governance assessment regulations, the 113th Annual Shareholders Meeting is planned to be held before the end of May.				

Note 1: The courses taken by directors (including independent directors), managers, the Chief Accounting Officer and the substitute thereof, as well as auditors and substitutes thereof:

(1) Directors' continuing education during 2023

The Company has a total of seven directors (including three independent directors) on the 9th board. All of them have completed this years required hours of training for new or re-elected directors on corporate governance, ethical management, risk management, and operational management in accordance with laws and regulations. This is in compliance with the Corporate Governance Best Practice Principles.

Job title	Name	Date of taking office	Date of initial appointment	Date of training		Organizer	Course	Training hours
				From	Through			
Representative of the director, Portal International IPRs Service Co., Ltd. (Note)	Glamour Investment Development Co., Ltd. . representative:Lee, Chao-Hsiang	2023/11/01	2020/03/05	2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-domain management practices for net-zero carbon emissions	3
				2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into corporate fraud risks and preventive countermeasures from actual cases	3
	Glamour Investment Development Co., Ltd. . representative: Huang, Chung-Chia	2020/02/29	2017/06/03	2023/4/27	2023/4/24	Taiwan Stock Exchange and Securities Over-the-Counter Trading Center	Publicity meeting on sustainable development action plans for listed companies	3
				2023/7/24	2023/07/24	Taipei Financial Research and Development Foundation	Technical development and application opportunities of chatbot ChatGPT	3
				2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into corporate fraud risks and preventive countermeasures from actual cases	3
Representative of the director, Portal International IPRs Service Co., Ltd.	Glamour Investment Development Co., Ltd. . representative: Wu, Chun-Hui	2023/06/16	2019/06/11	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into corporate fraud risks and preventive countermeasures from actual cases	3
				2023/03/22	2023/03/22	The National Federation of Certified Public Accountants of the Republic of China.	How to apply the business judgment rule in the performance of your duties	3
Representative of the director, Portal	Ever Wealthy International Co., Ltd. . representative: Fang, Ming-Dar	2023/10/01	2002/10/01	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into corporate fraud risks and preventive countermeasures from actual cases	3

Job title	Name	Date of taking office	Date of initial appointment	Date of training		Organizer	Course	Training hours
				From	Through			
International IPRs Service Co., Ltd.				2023/04/10	2023/04/10	Taiwan Investor Relations Institute	2023 Anhou Construction Leadership Institute Forum [Business Opportunities and Challenges in the Net-Zero Boom	3
Representative of the director, Portal International IPRs Service Co., Ltd.	United Renewable Energy Co., Ltd. representative: Pan, Lei-Lei	2023/06/16	2021/09/30	2023/09/18	2023/09/18	Taipei Financial Research and Development Foundation	Low Carbon Transition Pathway Planning - Carbon Rights and Carbon Pricing	3
				2023/09/08	2023/09/08	Taipei Financial Research and Development Foundation	Financial Sector Security Governance and Corporate Resilience	3
Independent Director	Liang, Su-Mei	2023/06/16	2004/05/20	2023/10/31	2023/10/31	Taiwan Project Management Association (TPMA)	Audit Standards Bulletin No. 75 Identifying and Assessing the Risk of Material Misrepresentation	3
				2023/10/23	2023/10/23	Taiwan Project Management Association (TPMA)	Digital Transformation and Information Security	3
				2023/07/26	2023/07/26	Professional Education Committee of the National Federation of Accountants' Associations of the Republic of China.	Analysis of money laundering and insider trading scenarios	3
Independent Director	Tsai, Ming-Chi	2023/06/16	2020/06/11	2023/07/24	2023/07/24	Taipei Financial Research and Development Foundation	ChatGPT Technology Development and Application Opportunities for Chat Robots	3
				2023/07/14	2023/07/14	China Corporate Governance Association	How the Lighthouse Factory Uses Digital Transformation to Achieve Sustainability	3
Independent Director	Fang, Chen-Hua	2023/06/16	2020/06/11	2023/07/24	2023/07/24	Taipei Financial Research and Development Foundation	ChatGPT Technology Development and Application Opportunities for Chat Robots	3
				2023/04/27	2023/04/27	Taiwan Stock Exchange and Securities Over-the-Counter Trading Center	Publicity meeting on sustainable development action plans for listed companies	3

Note: Mr. Huang Chung-Chia, the original director representative of China Ying Investment and Development (Stocks) Corporation, retired upon reaching the age of majority and was reassigned to Mr. Li Chao-Hsiang, the director representative, on November 1, 2023, and was elected as the new chairman of the board of directors by the board of directors on November 2, 2023.

(2) Managers' continuing education during 2023

- The Company's President, Vice Presidents, Chief Accounting Officer (including the substitute thereof), auditors (including the substitutes thereof), chiefs of plants, department heads, as well as managers, assistant managers, and administrators at various departments have all completed the annual required hours of training on corporate governance, ethical management, risk management, and operational management. This is in compliance with the Corporate Governance Best Practice Principles.
- In order to cultivate material development professionals for the semiconductor industry, we invited the Southern Taiwan Science Park Administration of the National Science and Technology Commission (NSTC) and the Southern Taiwan Science Park Industry Association (SSPSIA) to co-sponsor a six-hour course on "Power Semiconductor Modules for Electric Vehicles, Metal Sintering Materials for Power Module Packaging Technology" on September 27, 2023, with 40 participants, including the Chairman of the Board of Directors, the President, the Vice President, the Vice President, the Vice President, the Executive Vice President, the First and Second Level Executives, and colleagues from various units. The training was conducted by the Chairman of the Board, President, Vice President of Technology, Vice President of Administration, first and second level executives, and nearly 40 colleagues from various units.
- On June 20, 2023, we invited Kaohsiung Bureau of Investigation, Ministry of Justice to give a 2-hour course on "Trade Secrets and Information Security", which was attended by 27 first- and second-level supervisors and colleagues from various units.

Job title	Name	Date of taking office	Date of training		Organizer	Course	Training hours
			From	Through			
President	Pan, Yeong-Tsuen	2020/08/15	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into corporate fraud risks and preventive countermeasures from actual cases	3
Financial Accounting Officer	Chang, Chia-Wen	2021/03/01	2023/03/14	2022/05/27	Internal Audit Association of the Republic of China	"A Practical Discussion on "Insider Trading and Financial Misrepresentation	6
			2023/11/16	2023/11/16	Internal Audit Association of the Republic of China	Requirements and Practical Analysis of Capital Lending, Endorsement and Guarantee and Acquisition of Assets for Disposal	6
Corporate governance Manager	Chang, Chia-Wen	2021/10/29	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into corporate fraud risks and preventive countermeasures from actual cases	3
			2023/08/14	2023/08/14	Taipei Financial Research and Development Foundation	Prevention of Money Laundering Risks in Taxation - Eight Major Money Laundering Risks in China	3
			2023/08/24	2023/08/24	Over-the-counter (OTC) Trading Center	OTC Emerging Company Insiders Seminar in Kaohsiung	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-domain management practices for net-zero carbon emissions	3
Substitute for the agent	Chien, Chia-Hsiu	2022/1/1	2023/02/20	2023/02/20	Internal Audit Association of the Republic of China	Cracking financial statements, analyzing corporate fraud and deception	6
			2023/08/23	2023/08/23	Internal Audit Association of the Republic of China	Regulations and practical analysis of capital lending, endorsement and guarantee, and acquisition and disposition of assets.	6
Auditor	Liu, Cheng-Yen	2017/11/16	2023/04/24	2023/04/24	Internal Audit Association of the Republic of China	Sales Receipt and Purchase Payment Cycle Auditing Practice	6
			2023/08/17	2023/08/17	Internal Audit Association of the Republic of China	Focused discussion on "Corporate Execution Sustainability ESG" and "Internal Audit and Control Integration Practice".	6
Substitute for auditor	Lan, Ching-Chou	2022/01/01	2023/11/15	2023/11/15	Internal Audit Association of the Republic of China	Self-assessment Practice	6
			2023/12/18	2023/12/18	Internal Audit Association of the Republic of China	Requirements and Practical Analysis of Capital Lending, Endorsement and Guarantee, and Acquisition of Assets for Disposal	6
Production Plants Acting plant Director	Ling, Yung-Fu	2023/02/01	2023/02/01	2023/02/03	Kaohsiung Environmental Protection Bureau	Basic Volunteer Training - Volunteer Service Laws and Regulations、Volunteer Service and Ethics Coast Guard [Special Program] Theory and Practice of Environmental Education	18

Job title	Name	Date of taking office	Date of training		Organizer	Course	Training hours
			From	Through			
			2023/03/15	2023/03/15	Hiei Yang Information Security Center	Secure Business Development Program! A Peek at How New Software Development Technologies Reduce Security Risks	6
Production Plants Deputy Chief of the Production Plant	Kuo, Shu-Kai	2021/03/01	2023/11/16	2023/11/16	Occupational Safety and Health Administration, Department of Labor	Promoting Sustainable Health and Safety in the Workplace	3
Administrative Management Department Department Head	Huang, Jung-Chang	2023/02/01	2023/06/20	2023/06/20	Kaohsiung City Investigation Office, Investigation Bureau, Ministry of Justice	Trade Secrets and Information Security	2
			2023/08/15	2023/08/15	In-house Training	Business Integrity, Code of Ethical Conduct, Fraud Prevention	1
Manager of Information security	Wan Chien hung	2022/11/23	2023/05/09	2023/05/11	IT home	cybersec 2023 - Taiwan Information Security Conference	24
			2023/06/30	2023/06/30	Palo Alto Networks	Join hands to protect Security Unlimited to build the security circle of enterprise security in Southern Taiwan Seminar	4
			2023/09/08	2023/09/08	Industrial Technology Research Institute (ITRI)	iPAS Industry Intelligent Transformation Promotion Workshop - Information Security and Industry Application Trends Workshop	8
			2023/11/24	2023/11/24	TXOne Networks	2023 Kaohsiung Manufacturing Industry Zero Trust Information Security Forum	4
Information security personnel	Ch'en Chia sheng	2022/11/23	2023/05/09	2023/05/11	IT home	cybersec 2023 - Taiwan Information Security Conference	24
			2023/06/30	2023/06/30	Palo Alto Networks	Join hands to protect Security Unlimited to build the security circle of enterprise security in Southern Taiwan Seminar	4
			2023/11/08	2023/11/08	IT Knowledge zone	AI Leads to a New Era of Information Security, Taiwan IGNITE 2023	8
			2023/11/30	2023/11/30	Harris Fraser	Launching a New Cloud Strategy for 2024 Practical Utilization of Cloud Innovation, Operational Toughness and Information Security	4
Taicang Thintech General Manager	Hwang Kawahigashi	2023/07/01	2023/06/28	2023/06/28	TTMC Internal Training	Pre-service training for expatriates	2
			2023/08/16	2023/08/16	TTMC Internal Training	Information Security Education and Training	4
Taicang Thintech Deputy General Manager	Yip Kit Long	2023/02/01	2023/02/01	2023/02/01	TTMC Internal Training	Pre-service training for expatriates	2
			2023/08/16	2023/08/16	TTMC Internal Training	Security Education and Training	4

(V) The composition, responsibilities, and operations of the Remuneration Committee:

1. Information on members of the Remuneration Committee

Feb. 29, 2024

<table>
<tr><th colspan="2">Criteria
Job title/Name</th><th>Professional qualifications and experience (Note 1)</th><th>Independence (Note 2)</th><th>Number of other public companies where the individual serves as a member of the remuneration committee concurrently</th></tr>
<tr><td>Independent Director Convener</td><td>Liang, Su-Mei Liang, Su-Mei</td><td>Specialties: Passed the Accountant Examination of the R.O.C., financial planning, accounting, and risk management
Education: Master of Finance, National Sun Yat-sen University
Other major positions: Partner, Zhongjia CPAs & Co., Independent Director, Bin Chuan Enterprise Co., Ltd., and the convener of the Company's Audit Committee Convener, Remuneration Committee, and Risk Management Committee (since June 2020)
Experience: Assistant Manager, Deloitte & Touche, independent director and member of the Audit Committee, Bin Chuan Enterprise Co., Ltd. (from May 2004 to June 2022)</td><td rowspan="3">The three independent directors have met the criteria below during the two years before being elected and during the term of office:
1. Is not elected as a government agency, juridical person, or its representative as defined in Article 27 of the Company Act.
2. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.
3. Is not serving as a director, supervisor, or employee of a company with specific relations with the Company.
4. Is not a director, supervisor, manager, or employee at a specific company or institution with financial relations or business dealings with the Company.
5. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Tsai, Ming-Chi</td><td>Specialties: Engineering science R&D, technological innovation, and risk management
Education: Doctoral degree, Engineering Science, University of Oxford, UK
Other major positions: Chair Professor, Department of Mechanical Engineering, National Cheng Kung University, Director, Electric Motor Technology Research Center, National Cheng Kung University, independent director, Jufan Industrial Co., Ltd. (since September 2021), and member of the Company’s Audit Committee, Remuneration Committee Convener, and Risk Management Committee (since June 2020)
Experience: Deputy Minister of Ministry of Science and Technology, Executive Yuan, Chairman, Metal Industries Research & Development Center, Director, Innovation Headquarters, National Cheng Kung University, Secretary General, Academia-Industry Consortium for Southern Taiwan Science Park, National Cheng Kung University, Director, Research NCKU, National Cheng Kung University, and head of the Engineering Technology Development Department, National Science Council, Executive Yuan, Winner of the 5th Presidential Innovation Award in 2022 and Lifetime Achievement Award of Automatic Control Engineering of Chinese Automatic Control Society (CACS)、Awarded the Fifth Presidential Innovation Award 2022 and the Lifetime Achievement Award from the Automatic Control Society of the Republic of China.</td><td>1</td></tr>
<tr><td>Independent Director</td><td>Fang, Chen-Hua</td><td>Specialties: Finance, marketing, corporate governance, and risk management
Education: MBA, University of Central Missouri
Other major positions: Convener of the Company's Risk Management Committee, member of the Audit Committee and the Remuneration Committee (June 2020 to date)
Experience: Director, Operating Department, Cowealth (China) Medical Technology Co., Ltd., Shanghai Branch, President, Medtecs (Taiwan) Corp., President, Chow Sang Sang Jewellery (Taiwan) Limited, Taiwan Branch (BVI), and President, Megaful Co., Ltd.</td><td>0</td></tr>
</table>

Note: Please refer to the information on directors’ professional qualifications and the independence of independent directors and the diversity and independence of the Board of Directors for relevant information. All our independent directors have met the independence criteria.

2. The operations of the Remuneration Committee

(1) There are three members in the Remuneration Committee.

The term of office of the current term of committee members is from Agu. 02, 2023 through June 15, 2026. The Remuneration Committee held three (A) meetings during the most recent year (2023), and committee members’ attendance is as follows:

Job title	Name	Eligibility	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note 1)	Remarks
Committee member	Liang, Su-Mei	2	3	0	100%	Took office on 2023.08.02
Convener	Tsai, Ming-Chi	1	3	0	100%	
Committee member	Fang, Chen-Hua	3	3	0	100%	

(2) Additional information:

①If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.

②For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

Remuneration Committee meeting Date/Session	Content of proposal	Independent directors' opinions	Response to independent directors' opinions
2023.02.21 8th meeting of the 4th term Remuneration Committee Meeting	I. Adjustment of the salary of the Chairman, President and Vice President of the Company for the year 2022. II. Consideration of the Company's directors' compensation and the distribution of employees' compensation to the full-time chairman, president and vice president for the year 2022.	Passed by all committee members present.	Approved by all the directors present after submitted to the Board of Directors.
2023.08.02 1th meeting of the 5th term Remuneration Committee Meeting	To elect the convenor and chairman of the Salary and Compensation Committee for the current term.	Passed by all committee members present.	N/A
2023.10.23 2th meeting of the 5th term Remuneration Committee Meeting	Amendments to the Company's "Regulations Governing Salary and Wages".	Passed by all committee members present.	Approved by all the directors present after submitted to the Board of Directors.

Note: The implementation and results of the "Performance Evaluation of the Board of Directors and Functional Committees" for the years 2023 were reported to Remuneration Committee on February 16, 2024.

3. Major tasks of the Remuneration Committee:

Major tasks
1. Formulated policies and systems for the evaluation of the Chairman's, the President's, and Vice Presidents' performance and regularly reviewed their individual performance. 2. Formulated and regularly reviewed and evaluated the remuneration policies, systems, standards, and structures for directors, the Chairman, the President, and Vice Presidents.

(VI) The composition, responsibilities, and operations of the Risk Committee:

1. The organization of the Risk Management Committee

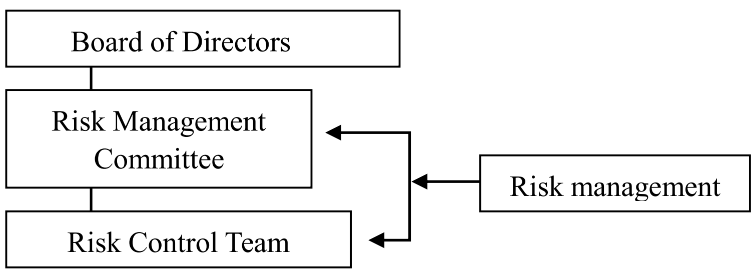
●Risk management policies and procedures

To reinforce the operation mechanism of the Company's risk management, strengthen the integrated risk management communication platform, establish a well-functioning risk management mechanism, thereby ensuring effective risk management and facilitating the Company's stable operations and sustainable development, we have formulated the Risk Management Policies and Procedures, which was approved by the Board of Directors on July 28, 2021 as the Company's highest guiding principle for risk management. We regularly assess risks per year and have formulated risk management policies for each risk to effectively identify, measure, and control our various risks and control the risks arising from business activities at an acceptable level.

●Scope of risk management

We are committed to integrating and managing all potential strategic, operational, financial hazards and risks that may affect our operations and profits in a proactive and cost-effective manner, with the aim of ensuring appropriate risk management for all stakeholders, including the management of operational, financial, information security, environmental, and compliance risks.

●Organizational structure



2. Members and operations of the Risk Management Committee

(1) There are three members in the Risk Management Committee.

The term of the current members: from August 2, 2023 to June 15, 2026, with a total of three (A) meetings of the Risk Management Committee in the most recent (2023) year; the professional qualifications and experience of the members, their attendance and the items discussed are as follows:

Job title	Name	Professional qualifications and experience	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A)	Remarks
Committee member	Liang, Su-Mei	Please refer to the information on members of the Remuneration Committee	3	0	100%	Board of Directors 2023.08.02 Took office after appointment
Committee member	Tsai, Ming-Chi	Please refer to the information on members of the Remuneration Committee	3	0	100%	
Convener	Fang, Chen-Hua	Please refer to the information on members of the Remuneration Committee	3	0	100%	

(2) The operations of the Risk Management Committee

Actively promote the implementation of risk management mechanism and report its operation to the Board of Directors once a year. The operations in 2023 are as follows:

1.	The 5th meeting of the 1st Risk Management Staff Group was held on May 5,2023 to discuss the progress of the 7 risk motions.
2.	Tthe first meeting of the second Risk Management Committee was held on August 2.2023 and Mr. Fong Chun Wah was elected as the Convenor.
3.	The first meeting of the second Risk Management Staff Group was held on September 28, 2023 to discuss the progress of the seven risk motions. Theme of the meeting: (1) Explanation on the conclusion of the first term Risk Matters. (2) To study and formulate the second term risk issues.
4.	The second Risk Management Committee of the second term will be convened on October 23, 2023. (1) Issue 1: To present a report on the conclusion of the seven risk issues of the First Risk Management Committee. (2) Issue 2: To report on the second Risk Management Committee, a total of 6 issues have been studied, and two of them, namely, information security and HS CODE back tax risk, are classified as medium risk. The two items were categorized as medium risk issues.

Considering the international situation factors, the risk management staff team scanned the risk factors of the Company's operation, and found that there were two moderate and five low risk issues, and proposed implementation countermeasures to reduce the overall operational risk. The implementation progress of the two moderate risk issues is explained as follows:

◆ Risk assessment of information security equipment and protection.

In the process of information system operation, when subjected to external threats, due to the weakness of the information assets themselves may trigger a variety of threats, such as data processing errors, network damage, equipment / data theft, software errors, computer fraud, unauthorized access, computer component failure, sabotage, natural disasters, equipment misuse, viruses, Trojan horses, or information service outages, and so on; coupled with core In addition, the aging of the core equipment makes it impossible to effectively form a defense force to eliminate the risk of external threats. The corresponding countermeasures for the risks are summarized below.:

Inventory and classification	Identify information assets, categorize appropriate weaknesses and threats into relevant information asset categories, identify the requirements for information security protection, and prioritize countermeasures to be implemented.
Replace old with new	Conduct a software and hardware inventory based on performance, security, development, and other characteristics, and include it in the 2024 budget.
Building an information security management system	Through the experience of self-developed information systems in recent years, we have planned and established a "Information Security Management System".
Legality	According to Article 9-1 of the "Guidelines for the Security Control of Information Security of TWSE/TPEx Listed Companies", in November 2022, a dedicated information security supervisor and qualified personnel were put in place to strengthen the security protection management mechanism of information security.

◆ Supply chain risk assessment of key raw materials:

Under the influence of the Russia-Ukraine war and the tense relationship between China and the U.S., the impact on the supply of raw materials has been caused, resulting in an increase in international raw material prices and inflationary pressures, enterprises are faced with a lack of labor and materials, obstruction of freight capacity, and production interruptions, which brings about an increase in the risk of a broken supply chain of raw materials, especially those enterprises that are highly reliant on the supply chain of a specific region and specific products are likely to suffer an even greater impact; the supply chain has a direct impact on the normalization and sustainability of corporate operations to a large extent; in order to maintain customer relationships and strengthen supply chain management, this is the best time for the Company to implement operational restructuring and physical transformation programs. To a large extent, the supply chain has a direct impact on the normalization and sustainability of business operations. In order to maintain customer relations and strengthen supply chain management, it is the best time for the Company to implement the operation transformation and physical transformation plan, which, coupled with the optimization of product mix, will enable the Company to grow steadily. The corresponding risk management measures are summarized as follows:

Utilizing digital tools	It can clearly grasp the inventory and make each end point of the supply chain visible. The supplier's material preparation status, the processing plant's raw material, the joint factory's output, the warehouse's finished product preparation, and the orders and shipments can be shared in real time to adjust the gap between supply and demand. In this way, the business can schedule the best shipping order based on customer needs, product status, order profit, and product demand quantity, increasing its ability to respond to crises with agility.
Reform of raw material supply side	For the main raw materials such as aluminum, molybdenum, copper, titanium, silver and gold, the new reform model is used to optimize the supply of raw materials, optimize the supply chain to reduce costs, maintain good inventory control, and improve market visibility and agility, thus reducing the impact of the global crisis on the supply chain.
Priority Sales Ranking Adjustment and Strategy for Main Products	Conduct an analysis of operating profit and loss, draw a distribution map of production and gross profit for existing products, adjust product sales strategies, and actively optimize product portfolios.

(3) Additional information:

① If the Board of Directors did not adopt or amend the Risk Management Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified: None.

②For proposals resolved by the Risk Management Committee, if any members expressed objection or reservation with a record or written statement, the date of the Risk Management Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

Risk Management Committee meeting Date/Session	Content of proposal	Independent directors' opinions	Response to independent directors' opinions
2023.05.05 5th meeting of the 1st term Risk Management Committee Meeting	I. Information security risk - Risk assessment of information security equipment and protection. II. Financial Risk Assessment-Financial Risk Assessment of Overseas Invested Companies. III. Risk assessment of raw material supply management - Risk of shortage of raw material supply chain. IV. Production Risk Assessment - Risk assessment of operation and production costs. V. Risk assessment of international inflation - risk assessment of capital management. VI. Risk assessment of international inflation - risk assessment of new product development. VII. Environmental risk assessment - risk assessment of Taiwan's water situation.	Passed by all directors present.	N/A.
2023.08.02 1th meeting of the 2st term Risk Management Committee Meeting	To elect the convenor and chairman of the Risk Management Committee.	Passed by all directors present.	N/A.
2023.10.23 2th meeting of the 2st term Risk Management Committee Meeting	I. Information security risk - Risk assessment of information security equipment and protection. II. Financial Risk Assessment-Financial Risk Assessment of Overseas Invested Companies. III. Risk assessment of raw material supply management - Risk of shortage of raw material supply chain. IV. Production Risk Assessment - Risk assessment of operation and production costs. V. Risk assessment of international inflation - risk assessment of capital management. VI. Risk assessment of international inflation - risk assessment of new product development. VII. Environmental risk assessment - Risk assessment of Taiwan's water situation.	Passed by all directors present.	N/A.

③Major tasks of the Remuneration Committee:

Major tasks
1. Review various operational operations, scan relevant risks, and the risk management and control task force will formulate countermeasures as per the degree of risks and discuss them with the Risk Management Committee to make suggestions to the Board of Directors. 2. Assess risks arising from the procurement of various raw materials based on the international situation and the development of the pandemic and pay attention to the impact of changes in the international situation on the supply of raw materials to put forth countermeasures in a timely manner.

(VII) Promotion of sustainable development:

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status of Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td>I. Has the company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?</td><td>V</td><td></td><td>I. In alignment with the short-, medium-, and long-term ESG blueprint, the Board of Directors delegated the senior management to organize a CSR task force in May 2021 (Production Plant, Quality Assurance Department, Technology Department, Finance Department, Business Department, Administrative Management Department, and Labor Safety Office) to be responsible for promoting and implementing a sustainable development plan, and we renamed the CSR task force the ESG task force in March 2022 in alignment with the amendment to the law. It is responsible for integrating strategic policies and implementation results related to the environment, occupational safety, employee care, social care, corporate governance, and stakeholder communication generated by cross departmental operations of the company. Report to the board of directors at least once a year.
II. Convened by the Vice President of Technology and directed by the Chairman of the Board of Directors, a total of four meetings will be held in 2023, with motions that include (1) continuing to identify sustainability-related issues and formulate action plans to address them, such as the risks and opportunities of climate change (TCFD) and the enhancement of industry-specific indicators for disclosure (SASB); (2) the objectives of and policy revisions to sustainability-related issues, such as greenhouse gas inventories and verifications, carbon-neutral pathways, and energy sources; and (3) overseeing the implementation of sustainability issues, and the third-party certification of the report's planning and verification, with the completion of the verification scheduled for 2028.
III. On July 1, 2022, the Board of Directors of the Company approved the greenhouse gas inventory and verification schedule, and the implementation will be reported to the Board of Directors every quarter. The implementation of the Company's ESG sustainable development will be reported to the Board of Directors at least once a year, with the most recent report being filed on Nov. 02, 2023. The task forces will modify their plans according to the Board of Directors' recommendations. For ESG short, medium, and long-term plan goals and results, please refer to the Company's website https://reurl.cc/YVKMGX</td><td>It is aligned with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>II. Does the company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the company formulated relevant risk management policies or strategies?</td><td>V</td><td></td><td>I. The information disclosed in the ESG Report covers all relevant operating systems and activities of all TTMC's plants in Taiwan from January 1, 2022 through December 31, 2022, with a focus on the management and performance of material topics without including the investees' operating performance (This part is included in the assessment scope of the Risk Management Committee). The amounts in the financial statements are presented in New Taiwan dollar (NTD), and the environment, safety, and health performance and data are presented in internationally accepted ways or indicators required by law.
II. Based on the identified operational impacts, the Company evaluates potential risks, takes into account government regulations related to the Company's operations, management requirements of the parent company, and the Company's vision and business strategy of senior management, formulates various risk response measures, and establishes risk prevention and control mechanisms. It is expected that through the good operation of the operation management and internal control system, the possible risks will be minimized, and continuous improvement and refinement will be made to achieve the ultimate goal of sustainable operation of the enterprise.
III. As per the materiality principle for sustainable development, we assess environmental, social, economic, and corporate governance risks and have formulated effective risk management policies and management strategies and practices to effectively identify, measure, evaluate, monitor, and control potential risks, to alleviate the impact of relevant risks, and we have disclosed such information on the Company's website (see Sustainable Development - Risk Management).
<table>
<tr><th>Material issue</th><th>Risk</th><th>Risk management policy or strategy</th></tr>
<tr><td>Environment</td><td>Environmental and ecological protection</td><td>The Company is committed to environmental protection and energy-saving ar carbon reduction production. We adopt the Plan-Do-Check-Act (PDCA management cycle to effectively alleviate the emissions of pollution and th impact on the environment. In response to the government's green energy polic we have built solar power facilities on the rooftop and adopted refinin technology to recycle and reuse all available precious metals to create a economic cycle, and complete the carbon neutrality path planning of th</td></tr>
</table></td><td>It is aligned with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status of Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>Company in 2050 while drawing up plans and programs per year, following u
on and reviewing the progress regularly to ensure that we achieve goals.</td></tr>
<tr><td rowspan="2">Society</td><td>Occupational safety</td><td>The Company passed the OHSAS18001 occupational safety and healt management system certification for the first time in 2008 and continued improve the effectiveness of the system through the PDCA model. In 2019, w successfully switched to ISO45001:2018. Each plant inspects operations fo occupational risks every day. The Occupational Safety and Health Committe holds regular meetings to review and improve relevant issues and raises people awareness with cases/false alarms in the Group to duly implement th occupational safety and health management system. Secondly, we ho firefighting exercises and occupational safety education and training regular per year and organize activities in the themes of traffic safety and electrical fi prevention, increase employees' awareness of zero accident, and enhance the emergency response skills.We also cooperated with customers to promote th trial operation project of OSH guidance on optimizing supply chain by th Occupational Safety Department (the self-evaluation result advanced to th leading indicator Group 1+). In 2023, there will be more than 524 6 inspections, workplace safety audits, and labor safety unit safety observation and audits.</td></tr>
<tr><td>Product safety</td><td>All our products are in compliance with government regulations and the E RoHS Directives. To ensure that the products we provide are free of controlle substances, we passed the QC080000 verification in 2010 and combine produ safety elements in the design and development stage through the rigorou ISO9001 quality management system to provide clients with safe and secu products. In addition, we actively conduct customer satisfaction surveys on regular basis per year, and the partnerships on the basis of mutual benefit an shared prosperity with clients are the cornerstone of the Company’s sustainab development.</td></tr>
<tr><td>Corporate governance</td><td>Socioeconomic and legal compliance</td><td>To protect shareholders and stakeholders’ rights and interest, implement the corporate governance blueprint, and strengthen corporate governance, we have set up a Board of Directors, a Remuneration Committee, an Audit Committee, a Risk Management Committee, a unit in charge of implementation of CSR initiatives, and an ESG task force, as well as engaged a Corporate Governance Officer. We actively implement corporate governance and adopt an electronic voting and case-by-case voting mechanism for the shareholders’ meetings, and have improved the transparency of information disclosures, and formulated the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, and the Insider Trading Prevention Management Procedures. We participate in the corporate governance evaluation every year and raise employees’ awareness of the ethical management policy to prevent illegal and unethical conduct, bribery, or fraud.</td></tr>
</table>
</td><td></td></tr>
<tr><td>III. Environmental issues
(I) Has the company set up an appropriate environmental management system as per its industrial characteristics?

(II) Is the company committed to improving resource use efficiency and adopting recycled materials with low environmental impact?</td><td>(I)
V

(II)
V</td><td></td><td>(I) We have established the following environmental protection management systems on the basis of the business philosophy of “fulfilling environmental responsibility”:
1. We established an environment management system and obtained ISO14001 certification. The latest certificate is valid from July 30, 2022 to July 29, 2025.
2. The factory management unit shall assign dedicated personnel to maintain and maintain environmental protection and prevention equipment, and implement a daily inspection system to ensure the normal operation of environmental protection and prevention equipment.
3. We set up an environmental protection unit with appropriate personnel to be dedicated to implementing various environmental protection tasks.
4. Environmental management representatives regularly hold management review meetings to ensure the normal operation of the environmental management system.
5. We conduct greenhouse gas inventory per year, follow up on the emission reduction results, and disclose it in the ESG report and on the Company's website: https://reurl.cc/YVKMGX .
(II) The Company's strategies for improving the use efficiency of various resources are as follows:
1. Adopt green procurement and avoid the use of disposable consumables.
2. Develop eco-friendly products and those with low impact on the environment to extend the life cycle of materials.
3. Launch corrosion-resistant and high-temperature-resistant products to help downstream businesses enhance equipment specifications and production capabilities and reduce environmental pollution caused by material loss.
4. Adopt a tailings re-refining process to recycle raw materials (such as silver and indium tailings) and improve the recycling rate through in-plant refining, remelting, and purification process technologies.
5. Adopt durable materials for most of the targets packaging, which can be recycled and reused by clients (such as aluminum or wooden boxes) to</td><td>(I)~ (IV)It is aligned with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status of Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>improve the use rate of consumables.
6. Resource recycling: Vigorously reduce and classify waste to increase the recycling rate of resources/waste.
7. Waste cleaning: Have the business waste from the processes collected and disposed of by a management company endorsed by the Environmental Protection Administration, to ensure that the waste is disposed of properly and legally.
8. Energy conservation and carbon reduction: Through production capacity planning, equipment availability adjustment, and regular raising of awareness of turning off power supply at any time; is committed to digitalizing paperwork to reduce paper consumption, thereby alleviating the impact on the environment.
The source reduction and resource recycling situation in 2023 is shown in the table below:
<table>
<tr><th>Source reduction and resource recycling measures</th><th>Implementation results</th></tr>
<tr><td>1. Electronicization of financial statement data to reduce paper usage.</td><td>Reduced paper usage: 126kg</td></tr>
<tr><td>2. Dragon milling machine cutting fluid purification and utilization.</td><td>Reduce crude oil usage: 90kg
Reduction of waste oil production: 1260 kilograms</td></tr>
<tr><td>3. Silver recovery from silver filter bags and dust collection ash of the forging dust collector.</td><td>44.276 kg</td></tr>
<tr><td>4. silver refining recycling</td><td>5.649 tons</td></tr>
<tr><td>5. Inductor refining and recycling</td><td>3.886 tons</td></tr>
<tr><td>6. tin-zinc bonding material recycling</td><td>41.763 tons</td></tr>
<tr><td>7. Empty acid drums recycled by the original manufacturer.</td><td>0.36 tons</td></tr>
<tr><td>8. Aluminum head and tail materials are recovered and remanufactured for reuse.</td><td>91.677 tons</td></tr>
</table></td><td></td></tr>
<tr><td>(III) Has the company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?</td><td>(III) V</td><td></td><td>(III) The Company has evaluated the risks and opportunities of climate change to the company in accordance with the TCFD recommended bookshelf structure published by the Financial Stability Board, and drafted our TCFD structure.
<table>
<tr><td>Governance</td><td>• The Board of Directors authorizes the senior management to convene the "Sustainable Development Group" (the manufacturer, the Quality Assurance Department, the Technology Department, the Finance Department, the Business Department, the Administrative Management Department and the Labor Safety Office) to promote sustainable development, serve as a cross departmental communication platform that integrates up and down and connects horizontally, report the implementation results and future work plans to the Board of Directors at least once a year, and also report climate change related issues to the Board of Directors.
• The Company will also prepare improvement measures based on the risks related to changes, and incorporate them into the management objectives of the Company level ESG. Regular supervisor meetings will be expanded every month for review.
• Established the Greenhouse Gas Inventory and Reduction Promotion Team with four working groups (data collection, reduction technology, process emission reduction, and mobile source emission reduction) responsible for promoting the work related to energy saving and carbon reduction, and held quarterly meetings to track and report the results of the implementation to the Board of Directors on a regular basis.</td></tr>
<tr><td>Strategy</td><td>• Based on the climate risk and opportunity factors suggested by TCFD, we evaluate the short-, medium-,</td></tr>
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<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
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<table>
<tr><td></td><td>and long-term risk and opportunity values in terms of occurrence rate, frequency, and possible impacts, and identify the priority entities and transformation risks.
• Through cross-departmental discussions on the identified climate-related risks and opportunities, and based on the professional experience of each unit, we assessed the potential operational and financial impacts of major climate risks and opportunities on the company, analyzed the climate scenarios and ranked the risks, and identified the transformation risks in accordance with the International Energy Agency (IEA) Global Energy Outlook (GEO) 2022, which is the most comprehensive global energy outlook for the world's energy resources. The analysis is based on the methodology of the Sixth Assessment Report (AR6) to be released by the Intergovernmental Panel on Climate Change (IPCC) in August 2021.</td></tr>
<tr><td>Risk management</td><td>• The Sustainable Development Group held a meeting to discuss the TCFD, and according to its structure, through cross-departmental discussions, analyzed the impacts of policies and regulations, technology, market and reputation, and the immediate and long-term climate risks on the Company, and carried out identification reviews from time to time to ensure that the results of the identification are in line with the current situation. Based on the identification of climate risks, the Company will conduct an analysis of the impacts on the Company's business.
• Based on the results of climate risk identification, the Sustainable Development Team, through the Greenhouse Gas Inventory and Reduction Promotion Team, will develop a response plan, which will be included in the routine meetings for tracking and management, and the working group will follow the PDCA cycle for improvement, so that effective management can be achieved through long-term and continuous improvement.</td></tr>
<tr><td>Indicators and Objectives</td><td>• As a manufacturing industry that relies heavily on electricity and essential water usage, the Company must manage its reduction targets in the areas of energy, carbon reduction, water resources, and resource recycling, and actively seek out possible reduction opportunities to make its operations more resilient.
• Since 2017, we have been cooperating with the requirements of the Competent authority, the South Science and Technology Administration, and regularly conducting greenhouse gas inventory operations in accordance with the Environmental Protection Agency's greenhouse gas emission inventory and registration guidelines, as well as the greenhouse gas emission coefficient management table version 6.0.4, and disclosing the inventory results.
• Accepted the latest version of ISO 14061-1:2018 from the South Science and Technology Administration to provide guidance on GHG inventory operations, establish the capability of independent GHG inventory, and complete the reporting of GHG emissions from the inventoried plants.
• Formulate short-, medium-, and long-term goals for energy management, water resources, and GHG management (refer to ESG goals).</td></tr>
</table>
In accordance with the framework of TCFD's climate-related financial disclosure recommendations, TTMC performs the identification and ranking of climate-related risks/opportunities. With reference to the research reports of international organizations on climate risks and opportunities, and the disclosure model of our parent company, ChinaSteel, identifies and defines the company's risk/opportunity</td><td></td></tr>
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items through the discussion of the company's internal sustainability group, and then evaluates the risks of climate change and the measures to be taken to respond to such risks. In order to disclose meaningful climate-related risk information, we have established priorities for measuring, evaluating, managing, and reporting climate-related financial information, incorporated climate assessment, monitoring, and management into our daily business activities, and then developed and refined policies, processes, and implementations to enable investors to understand how we are responding to climate change.
In accordance with the guidelines recommended by the TCFD, the first plan of TTMC for 2022 will use Scenario Analysis and Climate-Related Issues in evaluating climate-related risks/opportunities in response to actions, with the aim of incorporating the development and potential impacts of climate-related risks and opportunities under different conditions into the organization's decision-making plan, and helping the organization understand the impacts of its climate-related risks and opportunities, so as to help the organization to understand its climate-related risks and opportunities. It is designed to incorporate the development and potential impacts of climate-related risks and opportunities under different conditions into an organization's decision-making plans and to help the organization understand its future performance under different scenarios. However, the Company does not currently use internal carbon pricing as a planning tool. It is also exploring replacing energy consuming equipment with energy-efficient equipment For a detailed explanation of the Company's climate change risk and opportunity analysis, please refer to the sustainability report and the Company website https://reurl.cc/YVKMGX .
<table>
<tr><th>Climate Risk</th><th>Risk Description</th><th>Measures</th></tr>
<tr><td rowspan="4">Transformation Risks</td><td>In response to customers' requests for carbon reduction, we have raised the energy efficiency standards of our assets and actively invested in energy management systems (EMS) in conjunction with production technology upgrades, thereby increasing costs.</td><td>□ To set internal carbon reduction targets and review the management on a regular basis.
□ Will invest in a digitized dynamic energy information management system, real-time monitoring and rolling review to improve energy efficiency.
□ Continuing the expansion of solar power generation in the new plant in the future.</td></tr>
<tr><td>In response to international initiatives and the company's carbon reduction targets, we continue to increase the proportion of renewable energy used, which in turn increases operating costs.</td><td>□ To achieve the target of reducing energy intensity of products through actual carbon reduction actions.
□ Continuously invest in the development of short-chain low-carbon manufacturing processes to enhance market competitiveness.</td></tr>
<tr><td>Increase in operating costs due to the payment of carbon fees in response to emerging national carbon reduction laws and regulations (e.g., the Climate Change Response Act).</td><td>□ Regularly identify and review emerging carbon reduction regulations and actuarially calculate carbon reduction costs as reference for internal carbon pricing.</td></tr>
<tr><td>The process of low-carbon transformation may result in an increase in product costs due to</td><td>□ Actively choose to implement the localization of suppliers, the increase of inventory tax, or</td></tr>
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<table>
<tr><td></td><td>an increase in the cost of raw materials.</td><td>long-term procurement planning to diversify and reduce risks.</td></tr>
<tr><td rowspan="2">Entity Risk</td><td>Increased frequency and severity of extreme weather events such as typhoons, floods and droughts have impacted production by preventing normal production or distribution along the supply chain.</td><td>□ Formulate emergency response plans for typhoons, floods, droughts, and other natural disasters, and set up interdepartmental teams to carry out related dispatch operations and take appropriate response actions to prevent or minimize the impact on the Company's operating losses in the event of a natural disaster.</td></tr>
<tr><td>Rising global sea levels and inundation of coastal port areas have impacted production.</td><td>□ Enhance the plant's ability to respond to flooding.□ Evaluate the establishment of factories in high-altitude areas or strategic alliances with industry players in high-altitude areas.</td></tr>
<tr><td>Opportunities</td><td colspan="2">□ Entered into the supply of third-generation semiconductor targets for electric vehicle wafer applications, crossing over into the electric vehicle supply chain.
□ Continuous research and development of low-carbon short-chain production technology and low-carbon products have been favored by customers.
□ In response to the low-carbon transformation, the Company has the opportunity to enter the diversified renewable energy industry and enhance its competitiveness.</td></tr>
</table>
</td><td></td></tr>
<tr><td>(IV) Has the company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>(IV)
V</td><td></td><td>(IV) 1. We have formulated and implemented low-carbon manufacturing and circular economy resource and carbon emission reduction policies and incorporated them into the environmental management system to ensure proper implementation:
(1) Adoption of low-carbon manufacturing: Continue to use the best technology to reduce greenhouse gas emissions and become a high-quality supplier in low-carbon industries.
(2) Circular economy resources: Continue to recycle various metal resources to ensure circular economy to reduce carbon emissions effectively.
2. The details of our greenhouse gas emissions, water consumption, and total weight of waste, as well as the policies on greenhouse gas reduction, water consumption reduction, or other waste management are specified below:
(1) Greenhouse gas emission management and reduction targets:
● In order to continuously achieve the international trend of reduction, the Company conducts reduction tracking through the Greenhouse Gas Inventory and Reduction Team, and proposes a carbon neutral pathway plan for the period from 2022 to 2050, with green electricity, green hydrogen, and electric vehicles as the main concepts, and implements carbon reduction in the design and selection of non-carbon-emitting materials, power-saving production, and green transportation, etc. The Company has implemented an annual Greenhouse Gas Inventory since 2017 to establish a baseline of greenhouse gas emissions based on unit Since 2017, the Company has been conducting annual greenhouse gas inventories and establishing a greenhouse gas emission baseline based on the amount of carbon emissions per unit of product (hereinafter referred to as intensity). The Company has set 2017 year as the baseline year for energy conservation and carbon reduction, and plans to reduce the amount of emissions year by year in order to achieve the long-term</td><td></td></tr>
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	Yes	No	Brief description	
			goal of carbon management of carbon neutrality by 2050.In fiscal year 2023, the Company's direct greenhouse gas (Category 1) emissions will be 192.703 metric tons of CO2e/year, accounting for 9.87% of total emissions, indirect greenhouse gas (Category 2) emissions will be 1760.280 metric tons of CO2e/year, accounting for 90.13% of total emissions, and there are no statistics on other indirect (Category 3) emissions. ● In 2023, the total GHG emissions will be 1,952.982 metric tons of CO2e/year, a reduction of 973.767 metric tons of CO2e (33.27%) compared to the base year 2017, and the intensity of GHG emissions will be reduced by 8.72% compared to the base year 2017, achieving the target of an annual carbon reduction of 3%. ▼The amount of greenhouse gas emissions over the last two years: The data on Scopes 1, 2, and 3 emissions is within the boundaries of the parent company's plants in Taiwan and has not been verified by a third party.	

Year	Direct Scope 1 (t CO_2e)	Indirect energy Scope 2 (t CO_2e)	Other indirect Scope 3 (t CO_2e)	Carbon emissions per unit product (t CO_2e/per ton of product)
2022	206.80	1826.56	No data available	5.03
2023	192.70	1760.28	No data available	5.13

(2) Energy management and reduction targets:

● The Company's energy efficiency improvement policy is focused on updating power-consuming equipment and reducing unnecessary power consumption, while our renewable energy policy is mainly about the establishment of solar power facilities and the purchase of renewable energy certificates.

●In view of the three major types of energy used by the company, including electricity, natural gas, and vehicle fuel, and in order to effectively enhance the efficiency of energy use and continue to improve it, TTMC has set energy-saving targets for the top three items (electricity, transportation diesel fuel, and natural gas) in terms of energy intensity of its production as the energy performance index for the whole plant, and therefore, with 2017 year201 as the base year, the energy intensity will be reduced by more than 3% per annum.

● In terms of daily energy saving and process equipment, in 2022~2023, we planned to replace energy-saving equipment, such as inverter pumps, motors, and inverter energy-saving air compressors, etc. Examples of such equipment are as follows:
  A. Replacement of 220V, 30HP air compressors (fixed-frequency type) with 380V, 10HP air compressors (variable-speed rotary type).
  B. Replace the motor with a high efficiency motor (IE3).
  C. Replace 1 set of 150RT cooling water tower. Replace 2 sets of 175RT cooling towers with new cooling materials. Integrate the cooling tower equipment to save energy.
  D. Add time controller to set LED ON/OFF.
  E. Forging group exhaust equipment energy saving.
  F. The air compressor for dust collector uses time controller to manage the idle time of the equipment.
  G. Ventilation cabinet off-peak load shedding.
  H. Off-peak load shedding for exhaust cabinets.

● In 2023, the Company continued to implement various power saving measures through energy saving programs, short chain manufacturing process improvement, circular economy business model, updating of power consuming equipments, and implementation of timed load shedding, etc., and the electricity consumption in 2023 was 23.97% lower than that of the base year of 2017, and the energy density of the unit of products decreased by 0.72% compared to the base year of 2017, which did not meet the target of 3% reduction, mainly due to the Russian-Ukrainian war in the past few years, Inflation and a number of panel factories

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			to reduce production, the weight of goods sold in 2023 wrote down the low point in recent years, because the factory still need to maintain a fixed amount of environmental air conditioning, exhaust electricity demand, so the reduction of energy density per unit of product is not as expected, but the total annual electricity consumption is still a record low. ▼Electricity saving and energy intensity reduction in the last two years: Information on the parent company's Taiwan plant, not yet verified by a third party. (see table below) (3) Water resource management and reduction targets: The Company takes water conservation measures, classifies and diverts wastewater and sewage, and has set up rainwater and air-conditioning condensate and process cooling water recycling systems and process waste water recovery systems to lay a solid foundation for process water recycling and reuse. With the year of 2017 as the base year, we have set short- and medium-term targets to reduce water consumption by 3% or higher per year by 2025. ● TTMC's water is mainly used in three areas, namely, water for people's livelihood, target cleaning wastewater, and process cooling water, and we have been committed to improving water efficiency and recycling water at multiple levels, which means that "a drop of water can be recycled three times", and our recycling rate is 87.2%, which is higher than the standard recycling rate of 75% stipulated by the Southern Taiwan Science Park. 2021 is the year of the most severe drought since 1947, and the Company has been cooperating with the Park Administration to release the water condition light signals for each stage of the drought. In 2021, the most severe drought since 1947, we cooperated with the Park Authority in issuing various stages of water condition signals to activate emergency response measures for drought, and even spared no expense in adopting the ion exchange resin regeneration equipment during the red light water restriction crisis, and reused more than 50% of the process effluent in cooling water after treating the effluent in compliance with the "Recommended Basic Quality of Reclaimed Water for Industrial Purposes - Use in Cooling Water". ● Although the water situation has stabilized in 2022, the Company, adhering to the spirit of continuous improvement of the sustainable water resources policy, started to plan for the installation of a monthly-rental RO reverse osmosis reclamation plant in early 2022 to replace the original short-term resin reclaimed water plant, with a capacity of 1 ton per hour of reclaimed water, and to reclaim more than 50% of the process bleed-off water for reuse in cooling water on a regular basis. The installation of reclaimed water equipment has been completed at the end of 2022, and will be commissioned in January 2023. The average daily water consumption in 2023 will be reduced from 44 tons to 33 tons compared with the base year, and in the future, we will cooperate with the government's policy of reclaiming sewage and reclaiming water to use reclaimed water for the cooling water of the manufacturing process, which is 10 Yuan more than the total cost of water per unit than that of using tap water. However, compared to the high price of $600 per kWh that we have to pay for water in times of shortage, it emphasizes the importance of over-deployment of water resources. ▼The water consumption over the past two years: It is based on the data on the parent company's plants in Taiwan, which has not been verified by a third party yet.	

Year	Annual electricity consumption (kWh)	Annual Electricity Consumption Electricity saving rate %	Unit product energy intensity (MJ/kg product)	Unit Product Energy Intensity Reduction Rate (%)
2022	3,588,536	23.28%	38.15	5.67
2023	3,556,121	23.97%	40.16	0.72

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Year	Total water consumption Metric ton/Year	Water consumption reduced %	Water consumption per unit product (liter/per kg of product)	Water Intensity Saving %
2022	14,403	10.36%	35.60	-15.30%
2023	11,873	26.10%	31.21	-1.08%

(4) Waste management:

●The waste produced by our plants is classified in compliance with the environmental protection regulations, and we have a waste storage area in place for proper storage, and outsource the treatment of all waste to third parties (transport it to another site for disposal); we do not dispose of it directly (direct disposal). We appoint qualified companies to collect, dispose of, and reuse the waste legally in accordance with the contract and legal requirements and file a report on such information regularly online. We passed the ISO 14001 environmental management system verification. On a daily basis, the environmental safety personnel shall prepare a waste output/removal balance sheet for statistical control, and report the output of the previous month's waste on the Internet before the end of each month according to the provisions of the Environmental Protection Agency, and immediately review the reduction measures with the production unit in case of abnormal waste output.

● "Zero waste" is the ultimate goal of the Company's waste management, which will continue to promote the circular economy. With the strategy of reducing the total amount of waste and recycling waste, the Company will promote green procurement and avoid the use of disposable consumables through source management measures such as process technology improvement and raw material reduction; The secondary refining process can fully recover and utilize raw materials (such as silver, indium, and other scrap materials), and improve the reuse rate through in-plant refining, remelting, and purification recovery process technology; The packaging of target products is mostly made of durable materials. By recycling and reusing at the client end (such as aluminum or wooden boxes), the utilization rate of consumables can be improved to reduce waste output and achieve the goal of waste reduction.

●Based on the previous year's unit product waste output, the Company set the annual unit product waste output to decrease year by year, with the target of not exceeding the previous year's output. In 2023, the unit product waste output will be 0.383 tons of waste per ton of product, and the waste reduction rate will be -11.13%. Due to the impacts of the Russian-Ukrainian war, inflation, and the drastic reduction of production by many panel factories, the sales volume in 2023 will be the lowest in the past ten years. In 2023, due to the impact of the Russian-Ukrainian war, inflation and the drastic reduction of production in many panel factories, the sales volume was at a low point in the past ten years.

▼The waste disposed of over the past two years: It is based on the data on the parent company's plants in Taiwan, which has not been verified by a third party yet.

	2022	2023
Hazardous waste (ton)	31.45	29.97
Non-hazardous waste (ton)	107.95	115.78
Output of wastes per unit product (metric ton/per metric ton of product)	0.345	0.383

(5) The above statistical data are reported and improvement measures are reviewed at the annual environmental management system management review meeting. Detailed information and quantity statistics are disclosed in the sustainability report and the Company's website https://reurl.cc/1eK5W9.

Item	Yes	No	Brief description	Deviation
IV. Social issues (I) Does the company formulate relevant management policies and procedures in accordance with applicable laws and the	(I) V		(I) Human rights policy: We protect the basic human rights of employees and all stakeholders to achieve sustainable development, support and voluntarily abide by the international human rights conventions, including the Universal Declaration of Human Rights, and have formulated the employee appointment	(I)–(VI) are aligned with the Sustainable

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International Bill of Human Rights?			management regulations as the Company's human rights policy in accordance with the aforementioned guiding principles and the domestic Labor Standards Act, the Act of Gender Equality in Employment, the Occupational Safety and Health Act, and other applicable labor laws and regulations. We do not discriminate against employees in recruitment or at work or in terms of salary, promotions, bonuses, training opportunities, or retirement due to race, social class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disabilities, zodiac signs, blood types, or past union membership status. The Company's human rights policy is centered on the elimination of any violations and infringement of human rights, allowing all our employees to be treated in a reasonable and dignified manner. We also send people to receive on-the-job training in respect of human rights assessment, specific measures for human rights risk mitigation (including providing a safe work environment, eliminating discrimination and ensuring equal work opportunities, as well as prohibiting child labor and forced labor to maintain physical and psychological balance) in accordance with the applicable laws and regulations. In addition, we offer health promotion and awareness-raising courses in cooperation with local health authorities. We disclosed relevant policies and procedures in Chapter 5 Labor-management relations and Employee Care on the Company's website.	Development Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	(II) V		(II) The Company is a friendly workplace with reasonable employee benefit measures implemented: 1.The Company has established work rules and related personnel management regulations covering basic salary, working hours, vacations, pension, labor insurance, and compensation for occupational accidents, all of which are in accordance with the relevant provisions of the Labor Standards Law. The Employee Welfare Committee operates through a welfare committee elected by the employees to handle various welfare matters. In 2023, the Company allocated approximately NT$3.66 million for employee welfare to plan and provide quality benefits for employees, such as employee travel subsidies, subsidies for arts and culture courses, birthday gift certificates, wedding subsidies, maternity subsidies, funeral subsidies, and free health checkups, among other benefits. In addition, the company has a lounge and parking lot, provides factory transportation, dormitory and other welfare measures to serve all employees. The company regularly organizes birthday celebrations, trips and other activities to regulate the body and mind of employees and improve the quality of life. Encourage the development of social club employees can freely participate in the iron horse club, softball club, photography club, gardening club, health club, etc., to enhance the friendship of employees. 2. The Company has long been concerned about the friendly environment of the workplace for its employees. In accordance with the Labor Standards Act and the Gender Equality Act, the Company has established physiological leave, maternity leave, abortion leave, paternity leave, maternity leave, maternity leave, and maternity protection for women's physiological characteristics, as well as a system of parental leave, breastfeeding leave, and family care leave. The paternity leave and maternity leave are adjusted to seven days by law, and the extra two days are paid by the company. Employees may apply for family care leave upon request, and employees who are raising children under the age of three may apply for parental leave that reduces their working hours by one hour per day, in order to take care of both their work and their lives at the same time. In addition, the company's health protection plan for female employees is as follows.	

Pregnancy	Birth	Breastfeeding	Parenting
Reduce uncertainty	Reduce physical and mental stress	Encourage breastfeeding	Work-life balance
Psychological support and pregnancy information	Substantial maternity benefits better than legal leave	Friendly nurturing environment emphasizes privacy and safety	Complete reinstatement assistance to improve the care of your family members.

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<table>
<tr><td>Clinical Services specializes in maternal counseling, providing both physical and psychological care.</td><td>offers comprehensive group insurance and services.</td><td>provides family care and parental leave.</td><td>Assisting colleagues who have returned to work after childbirth by providing them with appropriate work arrangements and flexible workplaces.</td></tr>
<tr><td>Organize motherhood care seminars to provide explanations on prenatal care, postpartum health, breastfeeding, infant allergies, and childcare welfare.
Launched the Maternal and Sexual Employee Health Protection Program to identify and assess hazards and classify risks for management and protection.</td><td>Provides 56 days of maternity leave in compliance with the statute, 7 days of paid leave for paternity exams and paternity leave; and may be requested during a spouse's pregnancy up to 15 days after delivery.</td><td>Set up access control in the breastfeeding room and have it managed by a dedicated operator.
Purchase bottle sterilizers, special detergents and breastmilk refrigerators for lactation rooms.</td><td>Provides a better-than-regulation childcare hold system, with 3 male and 4 female applications for childcare holds in the three years from 2021 to 2023, and a 100% return rate.
Contracts with child care and parent-child activity organizations to provide more favorable and safe organizational information.</td></tr>
</table>
3. The ratio of our male to female employees is five to one, the ratio of first-line male to female managers or above is nine to two, and the ratio of middle male to female managers or above is 19:7, and the proportion of female managers is 26%, fully indicating our gender equality in the workplace.
<table>
<tr><th>Ratio of female supervisors in the past two years</th><th>% in 2022</th><th>% in 2023</th></tr>
<tr><td>Female proportion in total employees (%)</td><td>16.43%</td><td>16.67%</td></tr>
<tr><td>Female proportion in all supervisors (%)</td><td>26.09%</td><td>26.09%</td></tr>
<tr><td>Female proportion in top-level managers (%)</td><td>18.18%</td><td>18.18%</td></tr>
</table>
4.We emphasize the diversity of our employees and employ more physically and mentally challenged employees than the number stipulated in the Protection of the Rights and Interests of the Physically and Mentally Handicapped Act (2 employees are required by law, but 3 are actually employed, and each person with severe physical or mental handicap or above shall be counted as two persons). Currently, 100% of our employees are of R.O.C. nationality, and we accept various ethnic groups and respect their cultures and customs. The current ratio of mentally and physically challenged employees is 1.44%. The number of employees under the age of 30 is 1.44%; the number of employees between the ages of 30 and 50 is 80.77%; and the number of employees over the age of 50 is 17.79%.
5. The Company's employee compensation policy is based on Article 27 of the Company's Articles of Incorporation, which stipulates that the Company's profit for the year shall not be less than 1%. The basic salary ratio for female and male employees is 1:1, and the bonus for sales and production surplus is 20% of the quarterly profit to be shared with colleagues to achieve incentives, and based on the individual's ability to contribute to the company and consider the results of the performance evaluation, which includes
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<tr><td></td><td></td><td></td><td>financial indicators, such as shipment volume, cost reduction, and profitability, etc., and non-financial indicators, such as the ability of new technologies, zero-errorism, process improvement, and the number of completed projects, etc. The related performance evaluation includes the reduction of customer claims and complaints, Non-financial indicators such as new technology capability, zero work safety incidents, process improvement and number of completed projects, reduction in the number of customer claims and complaints, etc., and the related performance evaluation and reasonableness of the remuneration have been scrutinized by the Compensation Committee and the Board of Directors, and the Board of Directors has approved the appropriation of up to 10% of the total amount of employees' remuneration for distribution.
6. The Company has established a "Salary and Compensation Committee" to provide employees with competitive salaries and to reward them with transparent and equal compensation policies. For junior commissioners in the same position, all employees are offered the same salary. For those with relevant professional and working experience, the salary is approved according to the recruit's academic qualifications, specialties, and certificates, and there is no difference in salary based on gender or ethnic group. The median salary of female employees is 11.88% higher than that of male employees, and the average salary of female employees is 4.36% higher than that of male employees. The average salary adjustment rate of the Company for the year 2023 was 3.45% and the maximum was 4.76%.
<table>
<tr><th>Average employee remuneration</th><th>2021</th><th>2022</th></tr>
<tr><td>Average employee salary</td><td>NT$ 948 thousand</td><td>NT$ 983 thousand</td></tr>
<tr><td>Average employee benefits</td><td>NT$ 783 thousand</td><td>NT$ 819 thousand</td></tr>
<tr><td>Average salary of full-time employees in non management positions</td><td>NT$ 732 thousand</td><td>NT$ 793 thousand</td></tr>
<tr><td>Median salary</td><td>NT$ 700 thousand</td><td>NT$ 751 thousand</td></tr>
</table>
7. Although the Company has not established a labor union, employees are free to participate in labor unions. As of the end of 2023, 2 of the Company's employees were members of China Steel's labor union and 39 were members of the China Steel Group's labor union, and I have not signed a group agreement because the labor union has not requested a group agreement.</td><td></td></tr>
<tr><td>(III) Does the company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?</td><td>(III)
V</td><td></td><td>(III) ● Occupational safety and health management policy is centered on the principles of hazard elimination, all-employee participation, continuous improvement, and health promotion.
(1) We manage to eliminate hazards, mitigate occupational safety and health risks, create a safe and healthy work environment, prevent work-related injuries, ill health, diseases, and accidents, and continuously provide workers with consultation and participate in safety and health management affairs. (2) We manage to protect the safety and health of all employees as well as suppliers, contractors, visitors, and other workers in the Company.
● The Company has passed the ISO45001 occupational safety and health verification. The latest certificate is valid from 2022.07.30 through 2025.07.29. Through the PDCA mechanism, we implement safety and health management in an all-round manner and develop a healthy work environment. To effectively discuss and solve practical issues, we established an Occupational Safety and Health Committee. Each production unit shares the safety and health information in the work environment per quarter with other units to avoid recurrence of similar issues. The chair of the committee is served by the President concurrently, and the secretary-general is served by the Chief of the Production Plant concurrently. The labor representatives of each unit account for one-third or more of the total number of members; the Occupational Safety and Health Committee holds routine meetings per quarter. In addition, we have established an Employee Welfare Committee in accordance with the law and regularly offer cultural and health education courses per year to protect our employees' physical and psychological health. We encourage employees to participate in social charity activities and commend and reward them where appropriate.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status of Implementation</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>
examinations every year and improve unsafe actions and equipment during on-site operations. The labor safety unit and the heads of the on-site units inspect the site from often; the Deputy Chief of the Production Plant inspects the site based on a 6S model with the committee members from the on-site units per month; the President leads the Company's first-line and middle managers to jointly conduct a 6S inspection every two months, while reviewing the on-site defects at the meetings of the Occupational Safety and Health Committee for improvement.
<table>
<tr><th colspan="2">Occupational safety inspection</th></tr>
<tr><td>6S inspection</td><td>Each member of the committee assigns a team leader to inspect with the labor safety unit.</td></tr>
<tr><td>Occupational safety inspection</td><td>The general manager will lead the inspections of the production plant and the chemical analysis section.</td></tr>
<tr><td>On-site managers' management by wandering around</td><td>Daily inspections from time to time.</td></tr>
<tr><td>Labor safety unit</td><td>Inspections shall be conducted at least 3 times a week from time to time.</td></tr>
</table>
2. Risk identification and work environment monitoring:
Each unit identifies hazards and assesses risk and evaluates the potential physical, chemical, biological, and ergonomic hazards and risk levels associated with supplies, machines, equipment, operating environment, personnel, guests, contractors, and suppliers involved in the Company's operations through system management, while adopting improvement plans to reduce and respond to hazard and risks, thereby ensuring the safety and health of all colleagues in the Company. We appointed a qualified work environment monitoring institution to conduct measurement of chemical and physical factors in the environment every three months or every six months in accordance with the "Regulations on the Labor Work Environment Monitoring Implementation and the Evaluation and Grading Management Measures for Hazardous Chemicals". The chemical factors include carbon dioxide, dust, organic solvents, and specific chemical substances, while the physical factors include noise, humidity, and temperature. The institution determined the measurement results were in compliance with laws and regulations and provided the results to the head of each unit for announcement; the results were also reported to the Occupational Safety and Health Committee. We quickly improved and rectified issues to ensure employees' health. We completed monitoring at a total of 127 monitoring points (including areas and individuals) during 2022 in the work environment.
3. Education and training:
The head of each on-site unit raises people's awareness from time to time every monthly; the labor safety unit also offers education and training courses from time to time per year to teach employees safety and health knowledge, thereby enhancing our personnel's safety and health concept as a whole (at least ten safety and health courses per year and safety and health information disclosed on the Company's intranet on a regular basis).
4. Implement the results:
(1) Checking of various works in 2023
<table>
<tr><th colspan="2">Occupational safety inspection</th></tr>
<tr><td>6S inspection</td><td>9 times.</td></tr>
<tr><td>Occupational safety inspection</td><td>15 times.</td></tr>
<tr><td>On-site managers' management by wandering around</td><td>Daily inspections from time to time.</td></tr>
<tr><td>Labor safety unit</td><td>At least 500 unscheduled inspections per week.</td></tr>
</table>
(2) Backup Security Management
The Company classifies its equipment and classifies dangerous machinery and equipment in accordance with the law, and conducts detailed inspections to ensure the safe operation of the equipment.2023 The Company's dangerous machinery consists of 21 sets of fixed cranes,
</td><td></td></tr>
</table>

Item	Status of Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	

The Company's dangerous machinery consists of 21 sets of fixed cranes, 8 sets of forklifts, and 1 set of power punching and shearing machines, totaling 30 sets, which are subject to regular inspections in accordance with the "Regulations on the Safe Inspection of Hazardous Machinery and Equipment," which ensures that the use of the equipment is safe. The safety of the equipment is ensured.

(3) In 2023, a total of 136 monitoring points (including regional and individual) were completed.

(4) Emergency response is to enhance the ability to respond to accidents in order to avoid or minimize injuries to personnel, property damage, and environmental impacts. Through regular emergency response drills, personnel are trained to respond quickly to emergencies, conduct rescue operations, and minimize risks and damages, as well as implement self-defense and firefighting formation drills and toxic disaster drills.

▼Perform disaster prevention drills in accordance with ISO-14001 emergency response procedures; no fire incidents in 2023; no related improvement measures.

year	Fire Drill	Poison Drill	Fire Statistics	Casualties (%)
2023	2 times	1	0set	0 people (0%)

▼The occupational safety education and training and awareness raising over the past three years

Category	Number of on-the-job trainees for safety and health certificates	Number of participants in the safety and health education and training	Number of pieces of awareness-raising information on safety and health on the portal
2021	48	1312	81
2022	60	1208	128
2023	43	1246	108

▼Occupational safety performance over the past three years - employee disabling injuries

Year	2021	2022	2023
Category	Number of cases	Number of cases	Number of cases
Employees' disabling injury frequency / rate	0	1/2.34%	1/2.14%
Contractors' disabling injury frequency/ rate	0	0	0
Major occupational accident	0	0	0

Item	Yes	No	Brief description	Deviation
(IV) Has the company established an effective career development training program for employees?	(IV) V		(IV) The Company takes long-term talent cultivation as its primary task, and according to the needs of organizations, departments and employees, in order to help employees improve and refine their knowledge and skills, establishes a career competency development plan, in addition to appropriate internal recruitment and rotation, and plans internal and external training plans, including newcomer training, professional advanced training, supervisor training, etc., in order to help colleagues continue to learn and grow through multiple learning methods, and introduce relevant training courses such as the importance of workplace ethics and ethical management concepts to cultivate their key competencies. In 2023, the total number of vocational training sessions was 2,353, with 4,231 person-hours, Staff training fee NT$131 thousand. We review and provide feedback during regular annual performance reviews to assist our employees in developing the best workplace competency plans and to strengthen the Company's human capital base accordingly.	
(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	(V) V		(V) Since we adopted the ISO9001 quality management system in 2006, we have constantly made adjustments based on the overall demand for quality and the production and sales trends to reform and innovate our quality management required for the modern era. As the ISO 9001: 2015 quality management system was converted, we have implemented an integrated management system (the quality management system and the environment/safety management system) since 2017, with the aim of providing products and	

<table>
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<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td>it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interests?

(VI) Has the company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?</td><td>

(VI) V</td><td></td><td>and selling products at home and abroad in compliance with applicable laws and regulations and international guidelines, thereby protecting clients' health and safety and customer privacy and ensuring proper marketing and labelling. The Company publicizes the confidentiality agreement for customers' business information to all businesses and signs the "NDA Confidentiality Agreement" with specific customers to safeguard customers' privacy rights or customer data, so as to strengthen the cooperative relationship. We set up an email service platform on the official website; our sales personnel are responsible for handling clients' complaints to timely understand their needs and expectations and continue to improve products and services, with a view to achieving the goal of sustainable business development, and protecting customer health and safety, customer privacy, and consumer rights and interests.
(VI) Effective management of the supply chain is one of the most important aspects of enhancing an organization's competitiveness. In addition to quality and cost considerations, the sustainable development behavior of suppliers is the most important consideration in supplier management. In order to enable the operation of the strategic supply chain program, the Company has established four major management policies and follows the relevant regulations of the "Supplier Management Procedures" to define and select qualified suppliers in a prudent manner through appropriate supplier evaluation, supplier selection, evaluation, and periodic assessment by the responsible units, and to strengthen the supplier management surveys on environmental safety and hygiene, labor, and ethics, so as to enable stakeholders and suppliers in the supply chain to We also strengthen the management survey on environmental safety and health, labor, and ethics of suppliers so that stakeholders and suppliers in the supply chain can be informed and reach a consensus, and the supply chain can be made more sustainable.
<table>
<tr><td rowspan="4">Supplier assessment standard</td><td>1. Ten assessment items meeting four dimensions: price, delivery time, degree of adaptability, quality/HSF system, product development, design and change, environment, safety and health, labor and human rights, education and training.</td></tr>
<tr><td>2. Sign the "Declaration on Sustainable Development of Suppliers", "Warranty on Non use of Hazardous Substances Management", and "Conflict Minerals Policy Statement".</td></tr>
<tr><td>3. Those who meet the quality and environmental safety and hygiene evaluation standards and pass sample detection, document review, and on-site evaluation.</td></tr>
<tr><td>4. Periodic quarterly and annual assessments.</td></tr>
<tr><td>Extra points</td><td>If a supplier has obtained a certificate related to environmental protection or hazardous substances management (ISO14001, IATF16949, or QCO8000) or the Responsible Business Alliance (RBA) Code of Conduct, it will get additional points, so as to guide and require suppliers to follow and abide by the code and the Company's sustainable development policies and commitment, environment, safety, and health policies. They also need to cooperate with our relevant inspections, regular inspections and audits and are not allowed to, directly or indirectly, offer our employees rebates, commissions, improper gifts, rewards, etc.</td></tr>
<tr><td>Hierarchical management</td><td>The appraisal grade is divided into four levels according to the score range, and there are four procurement forms, such as priority procurement, normal procurement, counseling manufacturers and unqualified manufacturers, and relevant countermeasures are taken.</td></tr>
</table>
●The Company manages key suppliers or high-risk suppliers, which are the most important to its operations, and has established a supplier sustainability audit mechanism to improve the sustainability performance of the supply chain by conducting regular quarterly or annual assessments of the suppliers' sustainability performance. 2023, the supplier assessment team comprised of the quality assurance, purchasing, labor and safety, technology, and administration departments achieved an average score of 86.25 points in each quarter and an average score of 87.2 points in the annual assessment, with no suppliers in the high-risk range. This is due to the internal systematization of</td><td></td></tr>
</table>

Item	Status of Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			supply-side reforms and the diversification of supply risks through the timely transfer of the supply chain.	
V. Has the company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	V		Although the Company's capitalization of $735 million does not meet the preparation standard of $2 billion, in order to achieve sustainable development, the Company will continue to voluntarily prepare the Company's 2022 Sustainability Report in 2023, which will serve as an important channel for the communication of non-financial information, as well as an overall review and enhancement of sustainability performance, focusing on the Company's corporate governance, operating results and performance, environmental protection, and social participation practices and results. This report is prepared in accordance with the core of GRI Standards for Sustainability Reporting (GRI Standards), and will be completed by June 29, 2023 with reference to SASB, and will be published on the Market Observation Post System (MOP) and the Company's website simultaneously. This report is expected to be verified or assured by a third party in 2028.	As the Company has not yet met the criteria for preparing such a report mandatorily, it is not applicable, but we voluntary prepared an ESG report in alignment with the sustainable development blueprint.

VI. Where the company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles:
The Company's Board of Directors approved the "Corporate Social Responsibility (CSR) Code of Practice" on July 28, 2021, which was renamed to the "Sustainability Code of Practice" in accordance with the Corporate Governance 3.0 - Blueprint for Sustainable Development approved by the Board of Directors on April 27, 2022, and was compiled and prepared in accordance with the guidelines of the GRI Standards for sustainability reporting (GRI Standards 2021) established by the Global Sustainability Standards Board (GSSB), indicators and guidance on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

VII. Other important information that facilitates the understanding of the promotion of sustainable development:

▲The concrete benefits of investing in energy-saving or green energy-related environmentally sustainable machinery and equipment and investing in domestic green energy's peripheral industries in 2023 are as follows:

Investment equipment	Investment amount	Investment benefits
Purchase of Oil-immersed Transformer for Hot Rolling Mill Power Supply System	NT$4,987,000	In 2023, we will put into operation the target hot-machine molding equipment "hot rolling mill", the power supply system is a 600V transformer, transformer specifications (three-phase, 60Hz, 2500KVA), efficiency 99.15%, compared with the traditional type transformer efficiency 85%, a difference of about 14.15%, the power demand of the hot rolling mill is about 350KW, the oil-immersed type transformer can save 50 kWh of electricity/day, and the power cost is calculated at 5 yuan per unit, then it can save 250 yuan per day, and save about 5,000 yuan a month (20 working days/month), and save about 60,000 yuan a year in electricity costs. If the electricity cost per unit is $5, then the daily saving is $250, the monthly saving is about $5,000 (20 working days/month), and the annual saving is about $60,000 in electricity cost.

▲Implement achievements of ESG sustainable development in 2023

(1) Awards/Promotions

- Our 2023 ESG Promotion Achievement was honored with the 2023 Ministry of Labor's Occupational Safety and Health Administration's Recognition Award: Outstanding Enterprise with Public Occupational Health and Safety Indicators in Corporate Sustainability Report, which has been awarded for two consecutive years.
- 2023 Kaohsiung City Workplace Employee Health Service Promotion Program Award: Excellence Group (Level II).
- 2023 Workplace Health Management Case Study Experience Sharing.

(2) The objectives and implement achievements of ESG's short-term and medium-term sustainable development plan this year are briefly summarized in the following table:

E environment	**Objective**	**Implementation results Data boundary: Information on the parent company's Taiwan plant area**
Energy intensity	Decrease by 3%	Decreased by 0.72%
GHG emissions intensity	Decrease by 3%	Decrease by 8.72%
Achieving carbon reduction through low-carbon manufacturing (reducing electricity consumption)	Decrease by 1%	Decrease of 23.97% (decrease of 1,112,279 kWh of electricity)

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	Yes	No	Brief description	

Recycle the water system and reduce the usage amount of tap water	Decrease by 5%	Down 26.10%(Reduce 4194 tons of water)
Planned shipment in bulk to reduce vehicle dispatching and fuel for transportation	Train number: 3	Up to 3 times per week / 49.64% decrease in gasoline / 11.14% decrease in diesel fuel
Business model of resource recycling in circular economy	(1) We built a new high-purity recovery refining line for precious metals (Au) and officially started the Au recycling economy parts clean business model, and we have accomplished the target of recycling 20.5KG of gold (Au) in the plant. (2) In 2023, we also extended the development of the completed 5N Cu refining and recycling technology, and completed the small-volume trial production of 5N Cu slug products, adding a new circular economy business model.	
Conduct ISO-14064 greenhouse gas inventory	(1) In 2023, we will conduct a plant-wide greenhouse gas inventory, internal audit, and improvement of internal audit deficiencies, and finalize the first greenhouse gas inventory report in June. (2) In the next two years (2024 and 2025), we will follow the same operation pattern as in 2023: Organizational Inventory -> First Draft Report -> Internal Audit -> Defect Improvement -> Final Report. (3) Expected in the second quarter of 2026: Execute the first third-party external verification.	
Environmental and ecological protection	In the 2022 Arbor Day activity, under the leadership of the Chairman and the President, hundreds of plants including podocarpus macrophyllus and hibiscus were planted, with a total of about 200 trees and 1500 shrubs planted.	The total green area reaches 1440 square meters, and the greening rate of the plant area is about 4.8%, which can reduce approximately 2160 kilograms of carbon dioxide annually.

S social objectives	**Implementation results**
Caring for the underprivileged and our neighbors, while making donations to help the nearby village children every year.	In 2023, approximately 20 households received some form of charity, and in the past eight years, a total of 260 marginalized families have received donations, in order to continuously improve society.
Industry-university cooperation	On October 26, 2023, the company signed a letter of intent with the School of Design of National Cheng Kung University to develop 15 digital models of titanium and civil product designs, and to promote a platform for industry-academia collaboration and talent development.
Social welfare activities	United Renewable Energy Co., Ltd. Representative: Pan, Lei-Lei
Develop materials for advanced medical equipment	In order to localize and domesticate the materials for medical equipment, the Company completed the development of medical materials for domestic equipment and shipped two sets of finished products.
Manpower development and occupational safety and health	1.The Company participates in market salary surveys each year and adjusts salaries in accordance with market salary levels, economic trends and individual performance to maintain overall salary competitiveness. salary adjustments averaged 4.4% in 2022, and the Board of Directors approved salary adjustments averaging 3.45% in 2023. The Company has also adopted an average salary adjustment rate of 4.4% in 2022, and an average salary adjustment rate of 3.45% in 2023.

Average Employee Salary	2021year	2022year
Average employee salary	Ntd948 thousand	Ntd 983 thousand
Average employee benefits	Ntd 783 thousand	Ntd 819 thousand
Average full-time employee salary for non-supervisory positions	Ntd 732 thousand	Ntd 793 thousand
Median salary of full-time non-supervisory employees	Ntd 700 thousand	Ntd 751 thousand

Item	Status of Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	

	2. 26% of female supervisors in management positions. 3. Number of occupational accidents: 1; occupational accident rate: 2.4%. 4. We conduct annual health checkups for all employees in compliance with regulations and conduct proactive questionnaire surveys through online questionnaires in the month of health checkups for human-caused hazards and overload hazards, and track them for continual improvement, and advocate preventive medicine for the promotion of health for all employees in the plant. 5.At the end of 2023, the prevention of abnormal work overload hazards (including health abnormal inspection and tracking management) totaled 108 times. 6. In 2023, there were 12 suspected hazardous persons in the Human Factors Engineering Hazard Questionnaire Survey with a score of more than 3 in any part of the plant, an increase of 9 compared to last year, and a preliminary analysis showed that the suspected hazardous parts were not the same in the same department, and the preliminary judgment was that the relationship with the operation might not be significant. On 21 September, the suspected workers were interviewed on site by an occupational medicine specialist.

G governance objectives	**Implementation results**
Rolling-type sound corporate governance and maintaining a second level gap in corporate governance evaluation	In 2023, the 2022 evaluation was announced, ranking among all TPEx Listed Companies in the second level gap (6% -20%) for four consecutive years. It is also higher than the average Level 2 score of all listed companies..
Preparation of the English version of the annual report, shareholders' meeting manual and final financial report.	In May 2023, we completed the first disclosure of the English version of the shareholders' meeting handbook, annual report, and 2022 annual financial report to comply with the FSC regulations and to enhance the understanding of the company's information by overseas shareholders and investors.
Establishment of Risk Management Committee (The third functional committee was established in 2021)	The Risk Management Committee scanned and reported to the Board of Directors in 2023 on information security risk, financial risk (overseas reinvested companies), raw material supply management risk, production risk (operation, production cost), international inflation risk (capital management, new product development risk), and environmental risk (Taiwan water risk).
Volunteer to prepare a "Sustainability Report" and receive awards	In 2023, we will continue to voluntarily prepare FY 2022 sustainability report of TTMC, uphold the belief in sustainable development, refer to the SASB and TCFD standards and disclose ESG-related information, and expect to complete the verification of third-party certification in 2028.
The completion rate of information security awareness education and training is 100%	1. A total of 91 training sessions and 61 hours (100%) of training were provided, and there were no major security incidents. 2. Penetration tests were held for three consecutive years, effectively raising staff awareness of information security and reducing the rate of successful penetration from 3.6% to 1.8% year on year.

year	2021	2022	2023
Number of Persons	8	9	2
Percentage of successful penetration	3.6%	4.1%	1.8%

Formulate a smart property patent management plan	1.2023 Revamp the "Patent Management Practice" to optimize the practice of patent application, examination, and maintenance evaluation. 2.2023 Completion of annual personnel education on intellectual property management. 3. The company has filed 11 patent applications worldwide, and 5 patents have been granted. The company continues to write patents, and 5 patents are in the process of examination. 4. 11 confidential documents are listed in the company's technology research and development. 5. 16 trademarks (11 in Taiwan, 3 in China, and 2 in Japan).

Item	Status of Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
Board of Directors			1. 7 directors, of which 3 are independent directors. 2. The number of female directors was 2 (28.57%). 3. Attendance rate of directors at board meetings was 91.83%. 4. 100% of Directors and Supervisors' training hours meet the training requirements. 5. Investor communication: The Company held 2 legal meetings in a year. (On July 21, 2023, the Company was invited to participate in a corporate presentation organized by SinoPac Securities and on December 20, 2023, the Company was invited to participate in a group corporate presentation organized by Fubon Securities.)	

VIII、Implementation of Climate-related Information

item	Status of implementation
1. Describes the oversight of the Board and Management's, governance of climate-related risks and opportunities.	1. The Board of Directors authorizes senior management to convene a "Sustainable Development Team" (Production Plant, Quality Assurance Division, Technology Division, Finance Division, Business Division, Administration Division and Labor and Safety Office) to promote sustainable development and to serve as a cross-departmental communication platform for upward and downward integration and horizontal linkage, and to report to the Board of Directors on the results of the implementation of the work and the future work plan at least once a year, and to report to the Board of Directors on the issues related to climate change.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term).	2. Based on the climate risk and opportunity factors suggested by TCFD, evaluate the short, medium, long term risk and opportunity values by the occurrence rate, frequency and possible impacts, and identify the priority entities and transformation risks. Through cross-departmental discussions on the identified climate-related risks and opportunities, and based on the professional experience of each unit, we assessed the potential operational and financial impacts of major climate risks and opportunities on the company, analyzed the climate scenarios and ranked the risks, and identified the transformation risks in accordance with the International Energy Agency's (IEA) Global Energy Outlook (WEO) 2022, which is the most comprehensive and comprehensive global climate risk analysis and risk management framework. Transformation risk was analyzed based on the three scenarios of the World Energy Outlook (WEO) of the International Energy Agency (IEA), and physical risk was analyzed based on the Sixth Assessment Report (AR6) released by the Intergovernmental Panel on Climate Change (IPCC) in August 2021, which is a methodology to analyze the impact of climate scenarios on the Company's operations and finances. The analysis is based on the AR6 methodology.
3. Describe the financial impacts of extreme climate events and transformational actions.	3. With reference to the above scenarios and assumptions on the future climate trends in Taiwan, the Company estimates that under the ideal mitigation scenario (SSP1-2.6) and the worst case scenario (SSP5-8.5), the possible negative impacts on the Company due to extreme weather events in the middle of the 21st century (2050) are as follows: ① The maximum number of consecutive days without rainfall in a year will increase by approximately 5.5%, which may result in losses due to droughts, the need to use water trucks to carry water, and the reduction or shutdown of production due to insufficient water intake, which is estimated to account for 8.3% of ThinTech's annual revenues. ② The proportion of strong typhoons has increased by approximately 100% and the intensity of rainstorms has increased by approximately 20%, and it is estimated that the losses of the Company due to typhoons and rainstorms will double compared to 2022.
4. Describe how the process of identifying, assessing, and managing climate risk is integrated into the overall risk management system.	4. The Sustainable Development Group held a meeting to discuss the TCFD, and according to its structure, through cross-departmental discussions, analyzed the impacts of policies and regulations, technology, market and reputation, and immediate and long-term climate risks on the Company one by one, and carried out identification reviews from time to time to ensure that the results of the identification are in line with the current situation. Based on the results of climate risk identification, the Sustainable Development Team and the Greenhouse Gas Inventory and Reduction Promotion Team will work out a response plan, which will be included in the routine meetings for tracking and management, and the working group will follow the PDCA cycle for improvement, so that effective management can be achieved through long-term and continuous improvement.
5.If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.	5.TTMC has modeled the transition risk scenarios with reference to the three major scenarios explored by WEO in 2022, which are categorized as follows, primarily based on different assumptions about government policy: ① Stated Policy Scenario (STEPS) describes the trajectory of development under the current policy environment. ② The APS assumes that the government's declared targets are met in full and on time, including the long-term net-zero emissions target and the energy access target. ③ The Net Zero Emissions Scenario (NZE) for 2050 proposes a scenario that stabilizes global average warming at 1.5°C and achieves universal access to modern energy by 2030. The simulated physical risks were analyzed in accordance with the IPCC AR6 methodology, and the possible impacts of production in Taiwan production bases were simulated under ideal mitigation scenarios (SSP1-2.6) and worst case scenarios (SSP5-8.5) with reference to the "Summary of Scientific Key Points of the Sixth Assessment Report of the IPCC on Climate Change and Updated Report on Climate Change Analysis in Taiwan" to assess the impacts of extreme climate events on the distribution of Taiwan customers. The impacts of extreme weather events on customer distribution in Taiwan were assessed.
6.If there is a transition plan for managing climate-related risks, describe the content of the plan and the metrics and objectives used to identify and manage physical and transition risks.	6. In terms of the matrix analysis of the degree of impact and likelihood of occurrence of the transformation plan for managing climate-related risks, the first priority is to meet the requirements of TTMC's major customers, who hope to reduce carbon emissions by 20% by 2020~2030. It is necessary to improve the energy and resource efficiency standards of various assets and actively invest in energy management systems (EMS) combined with production technology upgrades to increase costs. The contents and goals of the plan include: ① Reduce greenhouse gas emissions year by year from 2017 onwards, and achieve the goal of reducing greenhouse gas emissions through measures such as energy-saving training, daily power conservation, process equipment efficiency and load reduction, and traffic and transportation control and optimization, but the rate of reduction is

	decreasing year by year, highlighting the difficulty of reducing emissions year by year. ② In accordance with the 2020~2030 Carbon Reduction Target Scenario (APS) for major customers, the implementation of the APS from 2020 to 2022 has already resulted in a carbon reduction benefit of approximately 4%. The next 6% carbon reduction target of TTMC is expected to be toward energy saving in refrigeration (air conditioning) equipment. According to the WEO 2022 Executive Summary report, there is a need to focus on the demand for refrigeration, which will be the second largest source of overall growth in global electricity demand over the next few decades (the first being electric vehicles). Many of the air conditioners currently in use are only required to meet lower energy efficiency standards, and the need to raise energy efficiency standards will increase costs considerably. ③ On the other hand, we are actively investing in the construction of an energy management system (EMS) to diagnose equipment operation problems, correctly identify the causes of energy consumption, monitor system performance over the long term, develop energy-saving management strategies and track benefits, manage and control electricity consumption, and provide a specific basis for budgeting and execution of operation and maintenance costs. ④ It is estimated that in the STEPS scenario, the increase in manufacturing costs by 2030 will be about 1% per year compared to the APS scenario, where the energy conservation of refrigeration (air-conditioning) equipment and energy management system (EMS) measures are invested in the above scenarios.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.	7. The Company does not use internal carbon pricing as a planning tool.
8.If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) offset should be described.	8. Refer to 1-1 and 1-2 below.
9. GHG inventory and confirmation situation (fill in 1-1 separately).	9. Refer to 1-1 below.

1-1-1 Greenhouse Gas Inventory and Confirmation Situation of the Company in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

Greenhouse gas emissions for the last two years are summarized in the table below: The inventory in areas 1 and 2 is for the parent company's Taiwan plant and has not been verified by a third party.

Year	Direct Scope I (tons CO2e)	Energy Indirect Scope II (tons CO2e)	Other Indirect Scope III (tons CO2e)	Intensity (tons CO2e/ton of product)
2022	206.80	1826.56	No statistics available	5.03
2023	192.70	1760.28	No statistics available	5.13

1-1-2 Greenhouse Gas Verification Information

The Company expects to conduct an external verification of GHG emissions in 2026.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

In order to continue to achieve the international reduction trend, the Company conducts reduction tracking through the greenhouse gas inventory and reduction team, and proposes a carbon neutral pathway plan for 2022 to 2050, with green electricity, green hydrogen, and electric vehicles as the main concepts, and implements carbon reduction in the design and selection of non-carbon emitting materials, power-saving production, and green transportation, etc. The Company has implemented an annual greenhouse gas inventory since 2017, and the reduction plan is based on the following units, the Company has been conducting annual greenhouse gas inventories to establish a greenhouse gas emission baseline based on the amount of carbon emissions per unit of product (greenhouse gas emission density). The Company has set 2017 as the baseline year for energy conservation and carbon reduction, and plans to reduce the amount of carbon emissions year by year in order to achieve the long-term goal of carbon management of carbon neutrality by 2050.

Carbon Neutral Path Planning Table			
	Short-term Objectives	**Medium Term Objectives**	**Long-term goals**
Time	2025 年	2030 年	2050 年
Carbon Reduction Targets	25% reduction from 2017 emissions	40% reduction in emissions from 2017	To achieve carbon neutrality as a goal
Strategies and Specific Action Plans	1. Discontinue the energy-consuming process. 2. Cover bonding hot plate with thermal blanket. 3. Reduce load on non-essential equipment. 4. Optimize air-conditioning and cooling water system performance. 5. Optimize logistics routes. 6. Installation of solar power generation equipment. 7. Replacement of energy-saving equipment (replacement of energy-saving lamps, air compressors, chilled water mainframes...) 8. Other feasible solutions.	1. Evaluating hydrazine smelting fuels by replacing natural gas with electricity, green chlorine, or other carbon-free fuels. 2. Replace oxyacetylene cutting with oxyhydrogen cutting machine for metal cutting. 3. Revise the SOP for mold heating in the silver production line to reduce the consumption of natural gas. 4. Gradually replace air conditioners with environmentally friendly refrigerants. 5. Gradually replace gasoline-powered buses with electric or petrol-electric vehicles. 6. Purchase green electricity year by year. 7. Other feasible options.	1. Gradually replace diesel trucks with electric or petrol-electric trucks. 2. Fully utilize factory space to install renewable energy generators. 3. Purchase green electricity year by year.

In 2023, the Company's direct GHG emissions (Scope 1) amounted to 192.703 metric tons of CO2e/year, accounting for 9.87% of the total emissions, indirect GHG emissions (Scope 2) amounted to 1,760.280 metric tons of CO2e/year, accounting for 90.13% of the total emissions, and there were no statistics related to other indirect (Scope 3).
Total greenhouse gas emissions in 2023 will be 1,952.982 metric tons of CO2e/year, a decrease of 973.767 metric tons of CO2e (33.27%) compared to the base year of 2017, with a reduction of 8.72% in greenhouse gas emissions intensity compared to the base year of 2017, meeting the annual carbon reduction target of 3%.
The information disclosed below is the information of our parent company's Taiwan plant and has not been verified by a third party.

year	Carbon Emissions (metric tons CO2e)	Annual Carbon Emission Reduction Rate	Total Product Sales Volume (kg)	Greenhouse Gas Emission Intensity (kg CO2e/kg product)	Greenhouse Gas Emission Intensity Carbon Reduction Rate (%)	
2017	2,926.749	Base year	520,421	5.62	Base year	
2018	2,730.229	6.71%	526,856	5.18	↓	7.85%
2019	2,385.513	18.49%	519,900	4.59	↓	18.41%
2020	2,391.705	18.28%	554,115	4.32	↓	23.25%
2021	2,227.680	23.89%	535,522	4.16	↓	26.03%
2022	2,033.373	30.52%	404,630	5.03	↓	10.64%
2023	1,952.982	33.27%	380,464	5.13	↓	8.72%

▼Statistics on Greenhouse Gas Emissions in the Past 7 Years

year	Total Emissions	Direct GHG Emission Scope I		Indirect Gas Emission Scope II		Other Indirect Emissions Scope III	
	Metric tons of CO2e/year	Metric tons of CO2e/year	Percentage	Metric tons of CO2e/year	Percentage	Metric tons of CO2e/year	Percentage
2017	2,926.749	335.469	11.46%	2591.280	88.54%	No statistics available	
2018	2,730.229	314.673	11.53%	2415.556	88.47%	No statistics available	
2019	2,385.513	290.362	12.17%	2095.150	87.83%	No statistics available	
2020	2,391.705	241.720	10.11%	2149.986	89.89%	No statistics available	
2021	2,227.680	224.288	10.07%	2003.391	89.93%	No statistics available	
2022	2,033.373	206.808	10.17%	1826.565	89.83%	No statistics available	
2023	1,952.982	192.703	9.87%	1760.280	90.13%	No statistics available	
Remarks: Direct GHG emissions include stationary combustion emission sources, mobile combustion emission sources, fugitive emission sources, process emission sources, etc.; indirect GHG emissions, the main source of which is purchased electricity.							

（VIII）Implementation of ethical management:

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans (I) Has the company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	(I) V		(I) 1. The Board of Directors of the Company formulates the “Ethical Corporate Management Best Practice Principles”, the “Code of Ethical Conduct”, the “Insider Trading Prevention Management Procedures”, and the “Procedures for Handling Material Inside Information” to specify the matters to be paid attention to by all employees of the Company in the implementation of business; Adhering to the business philosophy of integrity, transparency, and responsibility, we comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, the regulations on listing on Taiwan Stock Exchange and Taipei Exchange, and other laws and regulations on business conduct, to enhance our ethical management. The Company's Rules of the Procedure for Board of Directors Meetings has specified a mechanism for directors to recuse themselves from discussion and voting on proposals in board meetings, in which their person interest is involved, and we also specify the punishments for employees receiving improper gifts in the work rules and the labor contract, as the basis for implementing ethical management. 2. Before new directors and top-level managers take office, we raise their awareness of the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, and the Procedures for Handling Material Inside Information, and laws on insider trading and insider equity at companies listed on Taipei Exchange or the emerging stock market and matters to be noted; require them to sign major ethics statements, including the Declaration of No Violation of Integrity Principles, the Institutional Director/Independent Director Confidentiality Agreement, and the Insider Trading Prevention Confidentiality Agreement. In addition, we request independent directors to issue the Independent Director Nominee Statement, the Independent Director Statement upon Elected, and the Independent Director Statement in Office; the Company issued the Independent Director Checklist upon Elected and in Office as required. 3. The Company arranges courses related to ethical management every year, and the Administrative Management Department raised new and existing directors, managers, and employees’ awareness of applicable laws and regulations at least once every year and send presentation files to all directors, managers, and employees, and disclose the implementation results on the Company's website and in this annual report.	(I)-(III)It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Has the company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with high risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	(II) V		(II) The Company has clearly stipulated in the Ethical Corporate Management Best Practice Principles that directors, managers, employees, or persons with substantive control over the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty and disclosed it on the Company's intranet for all employees follow accordingly. The Company's auditors have included business activities at a high risk of unethical conduct, including level-by-level delegation and job substitution, credit management, compliance during operations, return and exchange, discount, and client complaint response, in the annual audit plan and implemented it accordingly. The scope of the prevention program under Article 7 of the Company’s Ethical Corporate Management Best Practice Principles: The Company shall establish an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities at a high risk of unethical conduct within the business scope, as per which it shall formulate a prevention	

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Has the company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the company regularly review and revise said plan?	(III) V		program accordingly and regularly review the appropriateness and effectiveness of the prevention program. The Company's prevention program shall at least cover preventive measures for the acts below: I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits. V. Misappropriation of trade secrets or infringement of trademarks, patents, copyrights, or other intellectual property rights. VI. Engaging in unfair competitive practices. VII. Damage directly or indirectly caused to rights or interest, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacturing, provision, or sale of products and services. (III) The Company has specified in the unethical conduct prevention program the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, the Procedures for Handling Material Inside Information, and the Whistleblowing System Management Regulations to clearly define illegal acts as well as the reporting channels and processing procedures in the event of any violations. The disciplinary actions are taken in accordance with the work rules and are included in the annual audit plan per year to review the Company's compliance. In addition, we review the above management regulations annually and amend them immediately, if necessary, to conform to practice.	
II. Implementation of ethical management (I) Does the company evaluate each counterparty's records for ethics? Has the company specified the terms of ethical conduct in each contract signed with each counterparty? (II) Has the company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation? (III) Has the company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately? (IV) Has the company established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical	(I) V (II) V (III) V (IV) V		(I) Before engaging in formal business activities with business partners, we conduct evaluations of their ethical conduct and other indicators and require them to include ethical management in the contract terms or clearly define integrity requirements after we proceed to work with them, to show their compliance with our regulations on integrity. (II) We offer courses on ethical management every year, and the Administrative Management Department is responsible for offering relevant ethical management courses and holding awareness-raising events each year. The heads of various departments assist in promoting ethical management policies and prevention programs. The audit unit regularly audits the implementation of our ethical management and reports on its implementation to the Board of Directors, with the last such report being on Nov. 02, 2023, from which the implementation results have since been disclosed on the website and in this annual report. (III) The Company has formulated the Rules of the Procedure for Board of Directors Meetings, the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, and the Procedures for Handling Material Inside Information as per law to cope with directors' managers' or employees' interest conflicting with the Company's. We also raise their awareness in this regard from time to time. In the case of a conflict of interest in the Company's business, such personnel should inform their supervisors in advance and avoid such a conflict. The Whistleblowing Mechanism Management Regulations are adopted as a reference for the reporting channels and handling procedures in the event of any violations. (IV) The Company has established an effective accounting system and an internal control system in accordance with the Ethical Corporate Management Best Practice Principles. We implement the systems based on the principle of integrity and review them at any time to ensure that they continue to be effective. The auditors regularly audit the compliance with the systems in the preceding paragraph and prepare an audit report and submit it to the Board of Directors. The Company's internal audit unit has formulated relevant audit plans based on the risk assessment	(I)-(V)It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td>conduct prevention plan accordingly or commissioned a CPA to perform such audits?</td><td></td><td></td><td>results and audited and prevented unethical conduct accordingly. No unethical conduct occurred in the Company during 2023.</td><td></td></tr>
<tr><td>(V) Does the company regularly hold internal and external education and training on ethical management?</td><td>(V)
V</td><td></td><td>(V) 1. The Company regularly offers courses on the code of conduct, corporate governance, and other ethical management issues and raises directors', managers', new employees' and in-service staff's awareness, and arrange for relevant personnel to receive internal and external training courses depending on the needs.
2. The Company has a total of seven directors (including three independent directors) on the board. All of them as well as the Corporate Governance Officer, the Financial Accounting Officer, and auditors (their substitutes) have completed the 2023 required hours of training for new or re-elected directors on corporate governance, ethical management, risk management, and business management in accordance with laws and regulations. This is in compliance with the Corporate Governance Best Practice Principles.
3. We reported to the Board of Directors on the operation and implementation of ethical management on Nov. 02, 2023.
(1) The Company's education and training system is divided into internal training, external training and on-the-job training. In fiscal year 2023, the actual implementation of internal and external education and training (including courses and lectures on information security and confidentiality, laws and regulations, insider/short-term trading and stock movement related laws and regulations, corporate integrity, code of ethics and behavior, work rules, production management, production training, on-the-job education and training on safety and hygiene and internal control) amounted to a cumulative average of 20.24 hours per person, excluding members of the board of directors, for a total of 2,353 and 4.231 people, respectively.
(2) The Company held 7 board meetings in 2023 and notified directors and insiders of the meeting dates and the closure period of each quarterly financial report by mail to prevent directors and insiders from violating the regulation. from January to December 2023, directors, managers, and employees attended internal and external training courses related to honest management and ethical code of conduct, and courses on the prohibition of insider trading, reminding them that directors are not allowed to attend such courses within 30 days prior to the announcement of the annual financial report and each quarterly financial report. The total number of times and hours of the training program to remind directors not to trade their stocks during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report is 822, 393 hours, and the achievement rate is 100%, as listed in the table below. This is in compliance with the Code of Corporate Governance Practices. The results of the above implementation are disclosed on the Company's website https://reurl.cc/j3KX3y .

<table>
<tr><th>Internal/External training</th><th>Category of course</th><th>Number of people</th><th>Number of hours</th></tr>
<tr><td>External training</td><td>Internal audit</td><td>2</td><td>24</td></tr>
<tr><td>Internal/External training</td><td>Information Security</td><td>91</td><td>6</td></tr>
<tr><td>External training</td><td>corporate governance</td><td>7</td><td>42</td></tr>
<tr><td>External training</td><td>Risk management</td><td>5</td><td>12</td></tr>
<tr><td>External training</td><td>Discussion on Taxation and Laws</td><td>5</td><td>12</td></tr>
<tr><td>External training</td><td>Discussion on the Labor Incident Act</td><td>5</td><td>24</td></tr>
<tr><td>Internal training</td><td>Research on Labor Laws and Related Ordinances</td><td>4</td><td>18</td></tr>
<tr><td>Internal awareness-raising event</td><td>In January, April, May, June, July, August, October, November, and December 2023, the Company announced in writing to new and existing directors,</td><td>388</td><td>100%</td></tr>
</table></td><td></td></tr>
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<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>managers, employees, significant units, and subsidiaries, respectively, that directors and insiders are prohibited from trading their shares during the closed periods of 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements, and that they are prohibited from trading their shares during the closed periods of 15 days prior to the announcement of the quarterly financial statements. Directors and insiders are prohibited from trading in the Company's stock during the closed periods of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report.</td><td></td><td></td></tr>
<tr><td>Internal awareness-raising event</td><td>In 2023, the Company conducted company-wide education and training on relevant laws and regulations such as the "Code of Business Integrity," "Confidentiality Promotion," "Code of Ethical Conduct," "Procedures for Prevention of Insider Trading," "Procedures for Handling of Material Internal Information," and "Rules for the Administration of the Whistleblower System," as well as training on the management of intellectual property. Especially in June, we invited an external lecturer from the Legal Affairs Department to conduct professional training.</td><td>185</td><td>212</td></tr>
<tr><td>Lecture for New Directors</td><td>On February, August, and November 2023, provide the new directors and all directors elected in the ninth term with relevant laws and regulations, due diligence notes, and arrange for reporting on the Company's operation briefing and production line tour to understand the Company's operation before assuming office.</td><td>9</td><td>100%</td></tr>
<tr><td rowspan="3">Signing the Declaration of Integrity in Business</td><td>1.Signing of a confidentiality agreement by newly hired employees</td><td>0</td><td>0</td></tr>
<tr><td>2.signing of declaration of good faith management (such as declaration of no violation of the principle of good faith, confidentiality agreement, etc.) by newly appointed directors, all directors elected in the ninth term, managers, and signing of NDA confidentiality agreement by employees, outside contractors, and professionals participating in major motions of the Company.</td><td>120</td><td>100%</td></tr>
<tr><td>3.Confidentiality agreements on commercial information of customers or "NDAs" with specific customers</td><td>6</td><td>86%</td></tr>
<tr><td>Supplier Commitment</td><td>New suppliers sign the "Declaration of Sustainable Development" and "Hazardous Substances Non-Use Guarantee".</td><td colspan="2">100%</td></tr>
</table>
</td><td></td></tr>
<tr><td>III. Implementation of the Company’s whistleblowing system
(I) Has the company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?

(II) Has the company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?

(III) Does the company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?</td><td>(I) V

(II) V

(III) V</td><td></td><td>(I) The Company has a complaint hotline and a complaint email as complaint channels. Employees can anonymously file complaints about any violations of integrity by phone or email or to auditors, the human resources personnel, or the management. In order to ensure the effective operation of the whistle blowing mechanism, the whistleblowing mailbox whistleblower@e-ttmc.com.tw was appointed as an independent director (the committee member of the Audit Committee) and the audit were received simultaneously.
(II) The Company has established relevant procedures in the "Regulations Governing the Whistleblower System", whereby the Audit Office receives complaints and files them and completes the "Record of Complaints Received by the Audit Office".
The total number of complaints (whistleblowing) handled in 2023 was one, which was handled by the relevant unit after careful investigation and verification, and the result of which was that there was no violation of operational regulations such as major corruption or impact on the Company's operations.
(III) As per the Company’s Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct, we accept anonymous reports in accordance with the Whistleblowing System Management Regulations and keep each whistleblower’s identity and the content of the report confidential to safeguard their personal safety.</td><td>(I)- (III)It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
<tr><td>IV. Enhanced information disclosures
Has the company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?</td><td>V</td><td></td><td>We have disclosed the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct on the MOPS; in the Articles of Incorporation and Important Internal Regulations under the Investor section on the official website, we have disclosed the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, and the Procedures for Handling Material Inside Information. We also disclosed the implementation situation and</td><td>It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
</table>

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
			results in the Ethical Management section. We published the Employee Code of Conduct and cases of punishments for violations on the Company's intranet to raise employees' awareness.	
V. If the company has formulated its own Ethical Corporate Management Best Practice Principles as per the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please specify the difference between its operation and the principles: The Company, in accordance with the relevant internal control measures of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and after deliberation and approval by the Board of Directors, has established the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct". On October 26, 2022 and May 5, 2023, we revised the "Insider Trading Prevention Processing Procedures" and "Internal Important Information Processing Procedures". On May 5, 2023, we additionally revised Article 10 of the "Corporate Governance Best Practice Principles"The Company shall attach importance to the right of shareholders to know and guard against the relevant provisions of insider trading, and on January 14, 2022, revise the "Management Measures for Whistleblowing", and establish a good corporate governance and risk control mechanism based on the business philosophy of integrity, fairness, transparency, self-discipline and responsibility, so as to seek the sustainable development of the Company. Therefore, there is no difference.				
VI. Other important information that facilitates the understanding of the company's ethical management (e.g., reviewing and amending the company's corporate governance best practice principles): Adhering to the business philosophy of integrity, transparency, and responsibility, we fulfill our responsibilities for compliance with laws and regulations to the public sector, for honest transactions to suppliers and clients, and for ethical management to our shareholders; prevent our directors, managers, or employees from violating the principles of ethical management to prevent any unethical conduct from causing damage to our goodwill or leading to any legal liabilities. The details are specified below: (I) Responsibilities for compliance with laws and regulations to the public sector: We comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and other laws and regulations on taxation, to duly implement ethical management. Responsibilities for honest transactions to suppliers and clients: (II) We have drawn up the Supplier Sustainability Declaration, the Warranty for Non-Use of Hazardous Substances, and the Conflict Mineral Policy Statement, to clearly require our suppliers and contractors to cooperate with the Company in implementing our sustainable development policy and commitment and environment, safety, and health policy. If a supplier/contractor violates any policy, which has caused a significant impact on the environment and society, we may terminate the partnership with the supplier/contractor at any time. They should also cooperate with the Company in conducting relevant inspections, regular inspections, and audits and are not allowed to, directly or indirectly, offer the Company's employees rebates, commissions, improper gifts, rewards, etc, which may undermine our ethical management. (III) Responsibilities for ethical management to our shareholders: We treat our shareholders sincerely and faithfully. In addition to respecting their opinions, complaints, and formal resolutions, we disclose correct information in real time to safeguard their rights and interest. (IV) To prevent directors, managers or employees from taking any actions in violation of good faith: We have formulated the "Ethical Corporate Management Best Practice Principles", the "Code of Ethical Conduct, the Insider Trading Prevention Management Procedures", the "Procedures for Handling Material Inside Information", "Corporate Governance Best Practice Principles" and established various internal control and internal audit systems. The internal auditors regularly audit such systems and then prepare audit reports and submit them to the Board of Directors, while regularly evaluating employees' morality and ethics, performing duties faithfully for directors, supervisors, managers, or employees from time to time, and raising their awareness of laws and regulations to prevent them from acting in their own interest or that of a third party in violation of laws or in any way that would harm the Company's assets, or engaging in insider trading with important information they learn from work. (V) To enable new employees to understand the Company's determination to operate in good faith, ethical management policies, prevention programs, and the consequences of unethical conduct, they must pass the Company's pre-employment training test.				

(IX) If the company has formulated the corporate governance best practice principles or relevant regulations, it shall disclose where to access it:

1. Corporate governance best practice principles or relevant regulations:
   In accordance with the relevant regulations formulated by the Financial Supervisory Commission (FSC), we have formulated: (1) Internal Control System Manual, (2) Procedures for Asset Acquisition and Disposal, (3) Operating Procedures for Endorsements and Guarantees, (4) Operating Procedures for Loaning of Funds to Others, (5) Corporate Governance Best Practice Principles, (6) Ethical Corporate Management Best Practice Principles, (7) Code of Ethical Conduct and Rules of the Procedure for Board of Directors Meetings, (8) Rules of Procedure for Shareholders' Meetings, (9) Rules of Election of Directors, (10) Remuneration Committee Charter, (11)) Organizational Regulations of the Audit Committee, (12) Insider Trading Prevention Management Procedures, (13) Procedures for Handling Material Inside Information, (14) Related-Party Transaction Management Regulations, (15)Transaction procedures for specific companies, group companies and related parties (16) Level-by-Level Delegation Regulations and Level-by-Level Delegation Table, (17) Subsidiary Monitoring and Management Procedures, (18) Rules of the Performance Evaluation of the Board of Directors, (19) Standard Operating Procedures for Handling Directors' Requests, (20) Risk Management Committee Charter, (21) Risk Management Policies and Procedures, and (22) Sustainable Development Best Practice Principles.
2. They are available on:
   (1) Rules and Regulations on Formulation of Corporate Governance Principles under Corporate Governance on the MOPS (http://mops.twse.com.tw/mops/web/index) for the public to download.

(2) The Articles of Incorporation and Important Internal Regulations under Corporate Governance under the Investor section on the Company's website (https://www.e-ttmc.com.tw/chinese/index.html) for the public to download.

(X) Other important information that may facilitate the understanding of the operation of corporate governance:
See "Implementation of Corporate Governance on Page 31".
See "Implementation of Ethical Management on Page 70" of this annual report and "Corporate Governance and Implementation" and "Ethical Management" under the Investor section on the Company's website (https://www.e-ttmc.com.tw/chinese/index.html).

(XI) Matters that shall be disclosed regarding the implementation of the internal control system:
1. The Statement of the Internal Control System is available on Page 76 of this annual report.
2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

ThinTech Materials Technology Co., Ltd.

Statement of the Internal Control System

Date: February 16, 2024

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

I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.

II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.

IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023 [Note 1], the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.

VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on February 16, 2024. Among the seven directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

ThinTech Materials Technology Co., Ltd.

Chairman: Chao-Hsiang Lee

President: Yeong-Tsuen Pan

Note 1: The date of issuing the statement is the end date of the fiscal year.

Note 2: The Company has not entrusted CPAs to review our internal control system; therefore, there is no CPA review report

(XII) Any legal penalty against the company and its internal personnel, any disciplinary penalty by the company against its internal personnel for violation of the internal control system, the main defects, and the improvement made during the most recent year and up to the publication date of this annual report: None.

(XIII) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of this annual report:

1. Contents and Implementation of Important Resolutions at the 2023 Annual General Meeting of Shareholders

E-voting at the Company's 2023 Annual General Meeting of Shareholders accounted for 15.45% of the total number of voting rights of the outstanding shares, with a total number of 62,063,730 shares of shareholders in attendance, representing 84.44% of the total number of shares of all outstanding shares, and all of the motions were put to a vote on a case-by-case basis.

(1)To approve the proposal of the Company's 2022 Annual Business Report and Financial Statements.

(2) Approve the appropriation of FY2022 earnings.

Circumstances: Vote to approve the cash dividend (NT$1 per share) from the Company's fiscal year 2022 earnings distribution and authorize the Chairman of the Board of Directors to set an ex-dividend date of August 29, 2023, with the dividend to be paid on September 8, 2023, in its entirety.

(3) Approved the amendment of the Company's Articles of Incorporation.

Circumstances: On July 24, 2023, the Ministry of Economic Affairs approved the registration of the Company's Articles of Incorporation, and the Articles of Incorporation were posted on the Company's website.

(4) Approved the amendment of the Company's "Rules of Procedures for Shareholders' Meetings".

Circumstances: Announcement was made on the Company's website and the revised procedures were followed.

(5) Approved the Company's proposal to acquire 70% of the equity of Changzhou China Steel Precision Forging Co., Ltd. with cash and new ordinary shares as consideration.

Execution: The signing of the contract and subsequent related matters were handled in accordance with the resolution of the shareholders' meeting.

(6) Election of the 9th term directors (including independent directors)

List of Elected Directors as follows:

Gains Investment Corp Representative:Huang, Chung-Chia and Wu, Chun-Hui

Ever Wealthy International Corporation Representative: Fang, Ming-Dar

United Renewable Energy Co., Ltd. Representative: Pan, Lei-Lei

Status of implementation: Approved for registration by the Ministry of Economic Affairs on July 24, 2023, and announced on the Company's website.

2. Board of Directors

Board of Directors Date/Session	Content of proposal	Board of Directors Resolution results
2023.02.21 15th meeting of the 8th term	Proposal 1 in the discussions: The Company's 2022 business report and financial statements.	Passed by all directors present.
	Proposal 2 in the discussions: The Company's 2022 directors' remuneration and employee remuneration distribution proposal.	Passed by all directors present.
	Proposal 3 in the discussions: The Company's 2022 earnings distribution proposal.	Passed by all directors present.
	Proposal 4 in the discussions: The proposal of the Company's 2022 Report on Self-inspection of the Internal Control System (including the Statement of Internal Control System) was submitted.	Passed by all directors present.
	Discussion Item No. 5: Presentation of the Company's Chairman and General Manager Salary Adjustment Proposal. Discussion Item No. 5: Presentation of the Company's Chairman and General Manager Salary Adjustment Proposal.	After the Chairman and the General Manager left the meeting, the proposal was approved by all directors present.
	Discussion Item No. 6: Proposed Appointment of CPA Wang Zhaoqun and CPA Guo Liyuan of Chin Yip & Chung Hsin Co., Ltd. as Certified Public Accountants for the Company's Financial Statements, Effective as of the First Quarter of 2023 and Audit Quality Indicator (AQI) Reporting.	Passed by all directors present.
	Discussion Item No. 7: Amendment to the Company's Code of Corporate Governance Practices.	Passed by all directors present.
	Discussion Item 8: Proposed election of seven directors (including three independent directors) for the ninth term of the Company.	Passed by all directors present.
	Discussion Item 9: Proposed date, time, place, period for accepting proposals and nominations from shareholders, premises and agenda for the 2023 Annual General Meeting of Shareholders of the Company.	Passed by all directors present.

Board of Directors Date/Session	Content of proposal	Board of Directors Resolution results
2023.05.05 16th meeting of the 8th term	Discussion item No. 1: The Company proposed to acquire 70% equity interest in Changzhou China Steel Precision Forging Material Co.	After Chairman Mr. Wong Chung Ka, Director Mr. Ng Chun Fai and Director Mr. Fong Ming Tat left the meeting to withdraw from the meeting, it was approved by the Directors present.
	Proposal 2 in the discussions: The Company's 2023 Q1 Consolidated Financial Statements.	Passed by all directors present.
	Proposal 2 in the discussions: The proposal to amend the Procedures for Asset Acquisition and Disposal.	Passed by all directors present.
	Discussion item No. 3: Amendment to the Company's Articles of Incorporation.	Passed by all directors present.
	Discussion item 4: Amendment to the Company's "Rules of Procedures for Shareholders' Meetings".	Passed by all directors present.
	Discussion item 5: Amendment to the Company's "Procedures for the Prevention of Insider Trading".	Passed by all directors present.
	Discussion item 6: Amendment to the Company's "Code of Corporate Governance Practices".	Passed by all directors present.
	Discussion item 7: Nomination of candidates for the ninth term of directors (including independent directors) of the Company.	Passed by all directors present.
	Discussion Item 8: Addition of the agenda for the 2023 ordinary shareholders' meeting of the Company.	Passed by all directors present.
2023.06.16 1th meeting of the 9th term	Election Item No. 1: Election of the Ninth Chairman of the Board of Directors of the Company.	All Directors present agreed to elect Mr. Huang as Chairman of the Board for a further term of office.
2023.08.02 2th meeting of the 9th term	Discussion Item 1: Appointment of members of the fifth Compensation Committee and the second Risk Management Committee of the Company.	Passed by all directors present.
	Discussion Item 2: The Company's consolidated financial statements for the second quarter of 2023.	Passed by all directors present.
	Discussion item No. 3: The increase of the Company's short-term bank credit line in 2023.	Passed by all directors present.
	Discussion item 4: Presentation of the Company's loan amount for the reinvestment company.	Passed by all directors present.
	Discussion item 5: Presentation of the Company's endorsement/guarantee line for the reinvestment company.	Passed by all directors present.
2023.10.27 3th meeting of the 9th term	Discussion Item 1: The Company's consolidated financial statements for the third quarter of 2023.	Passed by all directors present.
	Discussion item No. 2: Report on the adjustment of salaries and wages for employees of the Company.	All directors present agreed to the approval after the practitioners below the level of vice president left the meeting to withdraw from the meeting.
	Discussion item 3: Presentation of the Company's credit line for investee companies.	Passed by all directors present.
	Discussion item 4: Amendment to the Company's payroll regulations.	Passed by all directors present.
	Discussion item 5: Amendment to the "Table of Authorization" attached to the Company's Level-by-Level Authorization System.	Passed by all directors present.
	Discussion item No. 6: Amendment to the Company's "Standard Operating Procedures for Handling Requests from Directors".	Passed by all directors present.
2023.11.02 4th meeting of the 9th term	Election: Re-election of the 9th Chairman of the Board of Directors of the Company.	All directors present agreed to elect Lee ,Chao-Hsiang as Chairman of the Board.
	Discussion item No. 1: The Company's budget for fiscal year 2024.	Passed by all directors present.
	Discussion item No. 2: The Company's 2024 Annual Audit Program	Passed by all directors present.
	Discussion item No. 3: Reporting the increase of short-, medium-, and long-term credit lines of the Company.	Passed by all directors present.
2023.12.20 5th meeting of the 9th term	Discussion item No. 1: The Company changed the basis of share conversion of the 35% equity interest in Changzhou China Steel Precision Forging Material Co., Ltd. indirectly held by OmniGains Investment Corporation (hereinafter referred to as OmniGains) held by China Ying Investment and Development Co.	Passed by all directors present.
2024.01.16 6th meeting of the 9th term	Discussion item No. 1: Revision of the code of conduct for transactions by specified companies, group companies, and related parties.	Passed by all directors present.
	Discussion Item 2: To set the date, time, place, period for accepting proposals, premises, and agenda for the Company's 2024 Annual General Meeting of Shareholders.	Passed by all directors present.
2024.02.16 7th meeting	Discussion Item No. 1: The Company's FY2023 Business Report and Financial Statements.	Passed by all directors present.

Board of Directors Date/Session	Content of proposal	Board of Directors Resolution results
of the 9th term	Discussion item 2: The distribution of directors' and employees' remuneration for fiscal year 2023.	Passed by all directors present.
	Discussion item 3: The distribution of the Company's fiscal year 2023 earnings.	Passed by all directors present.
	Discussion Item 4: Presentation of the Company's FY2023 "Self-inspection Report on Internal Control System (including Statement on Internal Control System)".	Passed by all directors present.
	Discussion Item 5: Presentation of the Company's FY2023 Salary Adjustment Plan for the Chairman of the Board of Directors and the President of the Company.	After the Chairman and the General Manager left the meeting to withdraw from the meeting, it was approved with the consent of all the Directors present.
	Discussion item No. 6: Evaluation of the independence of the certified public accountants and audit quality index (AQI) report.	Passed by all directors present.
	Discussion Item No. 7: Report on the increase of the Company's foreign exchange quota.	Passed by all directors present.
	Discussion item No. 8: Addition of the agenda for the Company's 2024 Annual General Meeting of Shareholders.	Passed by all directors present.

(XIV) During the most recent year and up to the date publication of this annual report, if the directors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XV) During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company’s Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, or R&D officer: None.

Feb. 29, 2024

Job title	Name	Date of taking office	Date of dismissal	Reason for resignation or dismissal
Chairman	Huang, Chung-Chia	2020/02/29	2023/10/31	retirement (from work)

IV. CPA's information on the Company’s public expense

(I) The amounts of audit fees and non-audit public fees paid to the CPAs, their accounting firms, and affiliates thereof, and the content of non-audit services:

Unit: NT$ thousands

Accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Wang, Chao-Chun Kuo, Lee-Yuan	2023.01.01~ 2023.12.31	3,180	1. NT$ 34 thousand for the public expense of business registration. 2. NT$ 50 thousand for the public expense of human resources. 3. NT$ 290 thousand for the public expense of transfer pricing service. 4. NT$ 440 thousand for tax compliance audit. 5. Corporate debt service fee of NT $172 thousand. 6. Investment case service fee of NT $400 thousand.	4,526	

Notes: Non-audit service content: (such as tax compliance audit, assurance, or other financial advisory services)

(II) If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: N/A.

(III) When the audit fees paid for the current year are lower than those paid for the prior year by 10% or higher, the amount and percentage of the decrease and thereof shall be disclosed: N/A.

V. Information on replacement of CPAs：

(I) The former CPAs:

<table>
<tr><td>Date of replacement</td><td colspan="4">February 21, 2023 (approved by the Board of Directors)</td></tr>
<tr><td>Reason for replacement</td><td colspan="4">The Company has cooperated with the internal transfer of Deloitte Taiwan, which was originally certified by CPAs Wang, Chao-Chun and Liu, Yu-Hsiang. Starting from the first quarter of 2023, these personnel have been replaced by CPAs Wang, Chao-Chun and Kuo, Lee-Yuan.</td></tr>
<tr><td rowspan="3">Client’s termination of or CPA’s refusal to the appointment</td><td colspan="2">Parties involved / Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination of the appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">Refusal to the (continuous) appointment</td></tr>
<tr><td>The opinion of the audit report other than the unqualified opinion issued within the latest two years and the reasons</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Different opinions with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosures in financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">v</td></tr>
<tr><td colspan="4">Description: Not applicable</td></tr>
<tr><td>Other matters to be disclosed
(matters that should be disclosed under Article 10, subparagraph 6, items 1-4 to 1- 7)</td><td colspan="4">None</td></tr>
</table>

(II) About the successors

Accounting firm	Deloitte & Touche
Name of CPA	CPAs Wang, Chao-Chun and Kuo, Lee-Yuan
Date of appointment	February 21, 2023 (approved by the Board of Directors)
Consultation regarding accounting treatment methods or accounting principles for specific transactions and possible opinions issued for financial statements and results before appointment	N/A
Successors’ different written opinions from the predecessors’	N/A

(III)Reply from the former CPAs to the matters under Article 10, subparagraph 6, items 1 and 2-3 of the Regulations: N/A

VI. The Chairman, President, Chief Financial Officer, or Chief Accounting Officer, who has been employed by the CPA firm or its affiliates in the most recent year: None.

VII. The changes in the transfer or pledge of equity shares by directors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report:

(I) Movements in shareholdings of directors, supervisors, managers, and major shareholders:

Job title	Name	Year 2023		As of February 29, 2024	
		Increase (decrease) in number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in the number of shares pledged
Chairman (note1)	Gains Investment Corp. Representative: Huang, Chung-Chia	None	None	None	None
	Gains Investment Corp. Representative: Lee, Chao-Hsiang	None	None	None	None
Director (note2)	Gains Investment Corp. Representative: Huang, Pai-Chien	None	None	None	None
	Gains Investment Corp. Representative: Wu, Chun-Hui	None	None	None	None
Director	United Renewable Energy Co., Ltd. Representative: Pan, Lei-Lei	None	7,000,000	None	None
Director	Ever Wealthy International Corporation Representative: Fang, Ming-Dar	None	None	None	None
Independent Director	Tsai, Ming-Chi	None	None	None	None
Independent Director	Liang, Su-Mei	None	None	None	None
Independent Director	Fang, Chen-Hua	None	None	None	None
President	Pan, Yeong-Tsuen	None	None	None	None
Vice President	Lin, Ching-Fu	None	None	None	None
Vice President	Lin, Ching-Chun	None	None	None	None
Business Department Department	Lin, Yu-Chuan	None	None	None	None
Production Plants Acting plant Director	Ling, Yung-Fu (note3)	None	None	None	None
Production Plants Deputy Chief of the Production Plant	Kuo, Shu-Kai	None	None	None	None
Administrative Management Department Department Head	Huang, Jung-Chang (note3)	None	None	None	None
Quality Assurance Department Department	Juan, Wei	None	None	None	None
Technology Department Department	Kuan, Chi-Yun	None	None	None	None
Financial Accounting Officer-cum-Corporate Governance Officer	Chang, Chia-Wen	None	None	None	None

Note 1: The original director representative of Gains Investment and Development (Co., Ltd.), Mr. Huang ChungCia, retired due to age. On November 1, 2023, the director representative was re-appointed. Mr. Lee Chao-Hsiang was elected as the new chairman by the board of directors on November 2, 2023. .

Note 2: The original director representative of Gains Investment Development (Co., Ltd.) Mr. Huang Baijian retired due to age. On February 1, 2023, the director representative Mr. Wu Junhui was reassigned and took office with immediate effect.

Note3: Huang, Jung-Chang, the original director of the production plant, was transferred to the position of head of the administrative department on July 1, 2023. On the same day, deputy head of the administrative department Ling Yongfu was transferred to the production plant to act as the acting director of the production plant.

(II) The counterparty to which the equity is transferred by directors, managers, or major shareholders: N/A.

(III) The counterparty to which the equity is pledged by directors, managers, or major shareholders: N/A.

VIII. Information on the top ten shareholders and their relationship with each other:

February 11, 2024; unit: shares

Name	Shareholding of the individual	Shareholding of spouse or minor children	Combined shareholding by nominee arrangement	Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names	Remarks
	Number of shares/Shareholding	Number of shares/Shareholding	Number of shares/Shareholding	Name/Relations	
Gains Investment Corp. Representative: Wu, Chun-Hui	23,423,016 31.86%	None	None	Ever Wealthy International Corporation/ Affiliates	None
United Renewable Energy Co., Ltd. representative: Hung, Chuan-Hsien	7,000,000 9.52%	None	None	None	None
Ever Wealthy International Corporation Representative: Fang, Ming-Dar	6,119,748 8.32%	None	None	Gains Investment Corp./ Affiliates	None
Hua Ying Tong Investment Co.	1,645,000 2.24%	None	None	None	None
Wu, Yi-rong	1,298,000 1.77%	None	None	None	None
Chen, Chu-wen	1,170,000 1.59%	None	None	None	None
Lin, Chen-yang	1,131,000 1.54%	None	None	None	None
Lin, Ming-Hsin	816,000 1.11%	None	None	None	None
Wang, Guan-ling	710,000 0.97%	None	None	None	None
Citi custody Berkeley Capital SBL/PB investment account	541,000 0.74%	None	None	None	None

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

Feb. 29, 2024; unit: shares

Investee	Investment by the Company		Investment by directors, managers, or any companies controlled either directly or indirectly by the Company		Combined investment	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
Thintech Global Limited	6,800,000	100%	None	None	6,800,000	100%
Taicang ThinTech Material Co., Ltd. (Note)	Note	100%	None	None	Note	100%

Note: It is an indirect reinvestment through Thintech Global Limited.

I. Capital and shares

(I) Formation of share capital and types of shares:

1. The formation of share capital:

Unit: In thousands of shares/NT$ thousands

Year/Month	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2000.03	10	400	4,000	400	4,000	Capital upon incorporation	None	Per Letter Kao-Shih-Chien-She-II No. 08915175702 dated 2000.03.29
2000.05	10	5,000	50,000	5,000	50,000	Cash capital increase by NT$46,000 thousand	None	Per Letter Kao-Shih-Chien-She-II No. 08915834502 dated 2000.06.19
2001.03	12	20,000	200,000	8,830	88,304	Cash capital increase by NT$38,304 thousand	None	Per Letter Kao-Shih-Chien-She-II No. 09005639200 dated 2001.03.22
2003.03	15	20,000	200,000	16,330	163,304	Cash capital increase by NT$75,000 thousand	None	Per Letter Licensed No. 09201084450 dated 2003.03.24
2003.08	10	20,000	200,000	17,704	177,042	1. Capitalization of employee bonus to increase the capital by NT$674 thousand 2. Capitalization of the capital surplus to increase the capital by NT$401 thousand 3. Capitalization of the earnings to increase the capital by NT$12,663 thousand	None	Per Letter Kao-Shih-Fu-Chien-II-Gong No. 09205878380 dated 2003.09.12
2004.03	15	20,000	200,000	18,204	182,042	Cash capital increase by NT$5,000 thousand	None	Per Letter Kao-Shih-Fu-Chien-II-Gong No. 09300783290 dated 2004.03.29
2004.06	10	35,000	350,000	25,873	258,732	1. Capitalization of employee bonus to increase the capital by NT$3,873 thousand 2. Capitalization of the earnings to increase the capital by NT$72,817 thousand	None	Per Letter Kao-Shih-Fu-Chien-II-Gong No. 09300867860 dated 2004.06.18
2004.10	20	35,000	350,000	30,873	308,732	Cash capital increase by NT$50,000 thousand	None	Per Letter Kao-Shih-Fu-Chien-II-Gong No. 09301048060 dated 2004.11.17
2005.06	10	35,000	350,000	32,745	327,453	1. Capitalization of employee bonus to increase the capital by NT$3,284 thousand	None	Per Letter Kao-Shih-Fu-Chien-II-Gong No. 09400519340 dated 2005.07.14

Year/Month	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
						2. Capitalization of the earnings to increase the capital by NT$15,437 thousand		
2006.07	10	35,000	350,000	34,901	349,016	1. Capitalization of employee bonus to increase the capital by NT$1,916 thousand 2. Capitalization of the earnings to increase the capital by NT$19,647 thousand	None	Per Letter Kao-Shih-Fu-Chien-II-Gong No. 09500629150 dated 2006.08.02
2007.06	10	70,000	700,000	40,406	404,060	1. Capitalization of employee bonus to increase the capital by NT$2,692 thousand 2. Capitalization of the earnings to increase the capital by NT$52,352 thousand	None	Per Letter Jing-Shou-Chung No. 09632394930 dated 2007.07.12
2008.07	10	70,000	700,000	43,115	431,145	1. Capitalization of employee bonus to increase the capital by NT$2,842 thousand 2. Capitalization of the earnings to increase the capital by NT$24,243 thousand	None	Per Letter Jing-Shou-Chung No. 09732696670 dated 2008.07.24
2009.08	10	100,000	1,000,000	45,495	454,950	1. Capitalization of employee bonus to increase the capital by NT$2,247 thousand 2. Capitalization of the earnings to increase the capital by NT$21,557 thousand	None	Per Letter Jing-Shou-Chung No. 09832892540 dated 2009.08.19
2010.05	16	100,000	1,000,000	52,495	524,950	Private placement to increase the capital by NT$70,000 thousand	None	Per Letter Licensed No. 09901131460 dated 2010.06.24

Year/Month	Issue price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2010.08	10	100,000	1,000,000	53,970	539,696	1. Capitalization of employee bonus to increase the capital by NT$1,097 thousand 2. Capitalization of the earnings to increase the capital by NT$13,649 thousand	None	Per Letter Licensed No. 09901187200 dated 2010.08.18
2011.01	15.41	100,000	1,000,000	55,847	558,466	Execution of employee share options to issue shares in the amount of NT$18,770	None	Per Letter Licensed No. 10001013490 dated 2011.01.27
2011.09	10	100,000	1,000,000	58,639	586,389	Capitalization of the earnings to increase the capital by NT$27,923 thousand	None	Per Letter Licensed No. 10001210410 dated 2011.09.08
2011.10	35.7	100,000	1,000,000	65,639	656,389	Private placement to increase the capital by NT$70,000 thousand	None	Per Letter Licensed No. 10001247690 dated 2011.10.27
2012.11	21	100,000	1,000,000	70,724	707,239	Cash capital increase by NT$50,850 thousand	None	Per Letter Licensed No. 10101250590 dated 2012.12.06
2014.01	10	100,000	1,000,000	72,038	720,384	Conversion of convertible corporate bonds into common stock in the amount of NT$13,145 thousand	None	Per Letter Licensed No. 10301007480 dated 2014.01.15
2014.04	10	100,000	1,000,000	73,446	734,456	Conversion of convertible corporate bonds into common stock in the amount of NT$14,072 thousand	None	Per Letter Licensed No. 10301070380 dated 2014.04.18
2014.08	10	100,000	1,000,000	73,498	734,980	Conversion of convertible corporate bonds into common stock in the amount of NT$524 thousand	None	Per Letter Licensed No. 10301179310 dated 2014.08.25
2023.11	10	150,000	1,500,000	73,501	735,012	Conversion of convertible corporate bonds into common stock in the amount of NT$32 thousand	None	Per Letter Licensed No. 11230217570 dated 2023.11.27

2. Types of shares:

February 29, 2024; unit: shares

Type of shares	Authorized capital			Remarks
	Number of shares issued	Number of shares unissued	Total	
Registered common stock	58,960,197	91,039,803	150,000,000	Stocks of the Company listed on Taipei Exchange

Note: As of the publication date of this annual report, the issued shares did not include 14,541,096 shares privately offered.

(II) Shareholder structure

February 11, 2024

Shareholder structure / Number	Government agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and individuals (Note 1)	Total (Note 2)
Number of people	None	None	149	10,247	15	10,411
Number of shares held (share)	None	None	38,929,486	33,133,805	1,438,002	73,501,293
Shareholding (%)	None	None	52.96%	45.09%	1.95%	100%

Note 1: No shares were held by investors from China.
Note 2: Including shares among 14,541,096 shares privately offered which have not yet been publicly offered retroactively, which were converted into ordinary shares, while the registration of the capital change has not yet been completed.

(III) Equity dispersion:

The Company does not have any preferred shares. The dispersion of ordinary shares is hereby listed as follows:

February 11, 2024

Shareholding range	Number of shareholders	Number of shares held (share)	Shareholding (%)
1 to 999	6,573	97,394	0.13
1,000 to 5,000	3,040	6,002,130	8.17
5,001 to 10,000	393	3,142,388	4.28
10,001 to 15,000	115	1,476,970	2.01
15,001 to 20,000	78	1,432,506	1.95
20,001 to 30,000	69	1,705,037	2.32
30,001 to 40,000	30	1,072,683	1.46
40,001 to 50,000	15	680,011	0.93
50,001 to 100,000	36	2,673,852	3.64
100,001 to 200,000	27	3,760,659	5.12
200,001 to 400,000	22	6,311,843	8.59
400,001 to 600,000	4	1,833,056	2.49
600,001 to 800,000	1	710,000	0.97
800,001 to 1,000,000	1	816,000	1.11
1,000,001 or more	7	41,786,764	56.83
Total	10,411	73,501,293	100.00

(IV)Major shareholders:

February 11, 2024

Shares/Name of major shareholder	Number of shares held (share)	Shareholding (%)
Gains Investment Corp.	23,423,016	31.86
United Renewable Energy Co., Ltd.	7,000,000	9.52
Ever Wealthy International Corporation	6,119,748	8.32
Hua Ying Tong Investment Co.	1,645,000	2.24
Wu, Yi-rong	1,298,000	1.77
Chen, Chu-wen	1,170,000	1.59
Lin, Chen-yang	1,131,000	1.54
Lin, Ming-Hsin	816,000	1.11
Wang, Guan-ling	710,000	0.97
Citi custody Berkeley Capital SBL/PB investment account	541,000	0.74

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

Unit: NT$

Item \ Year			2022	2023	As of February 29, 2024 (Note 5)
Market price per share	Highest		36.30	44.3	49.65
	Lowest		23.30	27.35	34.50
	Average		32.25	36.32	44.87
Net asst value per share	Before distribution		16.25	16.27	N/A
	After distribution (Note 1)		15.25	註 6	N/A
Earnings per share	Weighted average number of shares (in thousands o shares)		73,498	73,501	73,501
	Earnings Per Share		1.12	0.54	N/A
Dividend per share	Cash dividend		1.00	0.60	N/A
	Stock dividend	Dividend from earnings	0	0	
		Dividend from capital surplus	0	0	
	Cumulative unpaid dividends		0	0	
Return on investment	Price to earnings ratio (Note 2)		28.79	67.47	N/A
	Price to dividend ratio (Note 3)		32.25	註 6	
	Cash dividend yield (Note 4)		3.1	註 6	

Note 1: Fill in the distribution details approved by the resolution of the shareholders' meeting in the following year.
Note 2: Price to earnings ratio = Average closing price per share for the year/earnings per share. When the net income after tax per share is 0 or a negative value, it will not be calculated.
Note 3: Price to dividend ratio = Average closing price per share for the year/cash dividend per share.
Note 4: Cash dividend yield = Case dividend per share/average closing price per share for the year.
Note 5: The net asst value per share and earnings per share audited (reviewed) by the CPAs up to the most recent quarter prior to the publication date of this annual report shall be entered; the information for other fields up to the year, in which this annual report is published, shall be entered.
Note 6: Not yet approved through resolution of shareholders' meeting

(VI) Dividend policy and implementation:

1. Dividend policy

As per Article 27 of the Articles of Incorporation, "If the Company makes a profit for a year, it shall allocate no less than 0.1% as employee remuneration and no more than 1% as directors' remuneration; the recipients of employee remuneration include employees at subsidiaries who meet certain criteria. However, profits must first be used to offset a cumulative deficit before amounts of employee remuneration and directors' remuneration are set aside at the above percentages." The employee remuneration and directors' remuneration distribution proposal shall be submitted to the Board of Directors for resolution and reported to the shareholders' meeting.

As per Article 28 of the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for paying the tax in accordance with the laws and regulations, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution.

The industry, in which Company is in, is still growing. We must take into account the current and future operating conditions and focus on the stability of dividends when drawing up a dividend policy. When the

Company has cumulative distributable earnings, the amount to be distributed shall not be less than 50%, of which the cash dividends to be distributed shall not be less than 50% of the total amount to be distributed.

2. The dividend distribution proposed at the shareholders' meeting:
   (1) The Company's 2023 earnings distribution is in accordance with Article 28 of the Company's Articles of Incorporation as shown in the table below.
   (2) It is proposed to set aside NT$44,100,776 from the distributable earnings. With 73,501,293 shares issued so far, we plan to pay out a cash dividend of NT$0.6 per ordinary share.
   (3) When cash dividends are paid out, the total amount of dividends to be paid out is rounded up to NT$1. We will make up for any difference from the account of company expense. After it is approved by the 2024 annual general meeting, the Chairman is delegated to set the ex-dividend record date and the payout date and decide on other relevant matters.
   (4) Regarding all matters concerning the cash payout proposal, if the number of issued shares on the ex-dividend record date is changed due to laws and regulations, needs, approval by the competent authority, or changes in share capital, resulting in a change of the payout ratio, it is proposed to request the general shareholders' meeting to delegate the Chairman to make adjustments accordingly.

ThinTech Materials Technology Co., Ltd.

Statement of Earnings Distribution 2023

Unit: NT$

Item	Amount
Undistributed earnings at the beginning of the period	17,308,732
Add: Re-measurement of defined benefit plans included in retained earnings	2,944,558
Realized gains or losses on disposal of financial assets	1,006,689
Cumulative gain and loss - remeasurement of defined benefit plans using the equity method	2,058
Add: Net income after tax for the year	39,567,680
10% set aside for a legal reserve	(4,352,099)
Distributable earnings for this period	56,477,618
Distribution:	
Shareholder dividends - cash dividends (NT$0.6/share)	(44,100,776)
Undistributed earnings at the end of the period	12,376,842
Note: The Company gave priority to the 2023 earnings for distribution.	

(VII) Employee remuneration and directors' remuneration:

1. The percentages of the balance or scope of employee remuneration and directors' remuneration as stated in the Articles of Incorporation:

   Pursuant to Article 21 of the Articles of Incorporation, directors may be paid with remuneration in accordance with the general standard, and the remuneration standard is set by the Board of Directors with reference to the standards adopted by competitors or publicly listed companies. Independent directors' remuneration is paid in a fixed manner on a monthly basis, and they do not participate in the Company's earnings distribution. Their remuneration is determined by the Board of Directors with reference to the standards adopted by competitors or publicly listed companies.

   As per Article 27 of the Articles of Incorporation, "If the Company makes a profit for a year, it shall allocate no less than 0.1% as employee remuneration and no more than 1% as directors' remuneration; the recipients of employee remuneration include employees at subsidiaries who meet certain criteria. However, profits must first be used to offset a cumulative deficit before amounts of employee remuneration and directors' remuneration are set aside at the above percentages."

   The employee remuneration and directors' remuneration distribution proposal shall be submitted to the Board of Directors for resolution and reported to the shareholders' meeting.

2. Basis for estimation of employee remuneration and directors' remuneration in this period and accounting treatment if the amount paid out is different from the estimated amount:

   We estimate employee remuneration and directors' remuneration as per the Articles of Incorporation. If the shareholders' meeting resolves to pay out employee remuneration in the form of shares, the number of shares to be distributed shall be determined by dividing the amount approved by the fair value of shares, which is determined based on the net asset value in he most recent financial report reviewed by the CPAs.

   After the end of the year, if there is a major change in the amount to be paid out as resolved by the Board of Directors, the annual expense will be adjusted. If there is still a change in the amount on the date of the resolution by the shareholders' meeting, it will be treated as a change in the accounting estimate and accounted for in the year, in which the shareholders' meeting resolution is adopted.

3. Information on the proposed employee remuneration and directors' remuneration approved by the Board of Directors:

(1) Amount of employee remuneration and directors’ remuneration to be paid out:

According to resolution of Board of Directors’ meeting on February 16, 2024, the Company's 2023 income before tax (before employee remuneration and director remuneration are deducted) is NT$54,427,933. It is proposed to provide 0.65% of the balance for director remuneration, totaling NT$352,156, and 5.5% for employee remuneration, totaling NT$2,993,324; both of which will be paid out in cash.

Unit: NT$ thousands

Distribution for 2023	Amount (A)	Amount to be distributed by the resolution of the Board of Directors (B)	Difference between the amount distributed and that accounted for (B)-(A)
Directors’ remuneration	352	352	-
Employee remuneration	2,994	2,993	(1)
Total	3,346	3,345	(1)
Reasons for differences and processing: The above total amount of remuneration decreased by NT$1 thousand from the estimated amount in the 2023 account. It is adjusted in accordance with the Articles of Incorporation, and the difference is recognized as an adjustment to expenses for 2024.			

(2) The amount of employee remuneration in stock as a percentage of the sum of net income after tax as in the standalone or individual financial statement for this period and the total employee dividends for this period: As mentioned above, we did not plan to distribute employee remuneration in stock, so it is not applicable.

The imputed earnings per share after the proposed amounts of employee remuneration and directors’ remuneration were considered: NT$0.54.

4. The distribution of employee remuneration and directors’ remuneration for the prior year:

The shareholders' meeting adopted a resolution to pay directors’ remuneration and employee remuneration for 2022. The details are as follows:

Unit: NT$ thousands

Distribution for 2022	Amount (A)	Amount to be distributed by the resolution of the Board of Directors (B)	Difference between the amount distributed and that accounted for (B)-(A)
Directors’ remuneration	824	772	(52)
Employee remuneration	7,003	6,561	(442)
Total	7,827	7,333	(494)
Reasons for the difference and how it was handled: The total amount of the above allotment of remuneration was NT$494 thousand lower than the estimated amount on the books of fiscal year 2022. The difference was adjusted in accordance with the regulations of the Articles of Incorporation, and the difference was recorded as an adjustment to the expenses in fiscal year 2023.			

(VIII) The repurchase of the Company's shares: None.

II. Issuance of corporate bonds:

(I) Issuance of the third domestic secured convertible corporate bonds February 29, 2024

Type of corporate bond		The third domestic secured convertible corporate bonds
Date of issuance		March 21, 2023
Par value		NT$100,000 per unit
Place of issuance and trading		N/A
Issue price		NT$109.8
Total amount		NT$200,000,000
Interest rate		Coupon rate of 0%
Period		3 years; maturity date: March 21, 2026
Guarantee agency		Bank SinoPac
Trustee		The Shanghai Commercial & Savings Bank, Ltd.
Underwriter		Fubon Securities Co., Ltd.
Attorney		Attorney Wu, Hsiao-Wei, G&J International Law Office
CPA		Deloitte & Touche CPAs Wang, Chao-Chun and Liu, Yu-Hsiang
Repayment method		Except for the early conversion by bondholders or the early redemption by the Company, the earl reverse resale by bondholders, or the redemption by the Company for cancellation, the bonds will be repaid in cash at the par value in a lump sum within ten business days after the maturity date.
Outstanding principal		NT$199,900,000
Redemption or early settlement clause		Please refer to the Company's bond issuance and conversion rules
Restrictive covenant		None
Name of credit rating agency, date of credit rating, and corporate bond rating results		None
Other rights attached	Amount of ordinary shares converted (exchanged or subscribed for), depository receipts, or other securities as of the publication date of the annual report	As of the publication date of the annual report, 1 convertible corporate bond has been converted, with 3,236 shares converted and an amount of NT$ 32,360.
	Issuance and conversion (exchange or subscription) method	Please refer to the bond issuance information in the credit section on the MOPS
Issuance, conversion, exchange, or subscription method, potential dilution of equity due to issuance conditions, and impact of issuance conditions on existing shareholders' equity		None
Name of the custodian of the bonds		None

(II) Data of convertible corporate bonds

Type of corporate bond		The third domestic secured convertible corporate bonds	
Item \ Year		2023	As of February 29, 2024
Market price of convertible corporate bonds	Maximum	140.00	160.00
	Minimum	114.00	127.00
	Average	120.72	142.96
Conversion price		1. The conversion price from 2023.03.21 to 2023.08.28 is NT$30.9. 2. The conversion price from 2023.08.29 to 2023.12.31 is NT$30.1.	The conversion price from 2024.01.01 to 2024.02.29 is NT$30.1.
Issuance (handling) date and conversion price at the time of issue		Issuance date: March 21, 2023 Conversion price at the time of issue: NT$30.9	
Method to fulfill conversion obligation		Issuance of new shares	

Note: Conversed from June 22, 2023.

III. Issuance of preference shares: None.
IV. Issuance of depository receipts: None.
V. Issuance of employee stock warrants: None.
VI. Issuance of restricted stock awards: None.
Names of the managers who obtained the employee stock warrants, names of the top ten employees with the highest number of shares that can be subscribed for with employee stock warrants, as well as the acquisition and subscription status: None.
VII. Names of managers who have obtained restricted stock awards and names of top ten employees who have obtained the restricted stock awards, as well as the acquisition status: None.
VIII. Issuance of new shares due to M&A or transfer of shares of another company: None.
IX. Fund application plan execution: None.
The previous issuances or those that have been completed within the last three years with the benefits of the plans not yet materialized:
On June 16, 2023, the shareholders' meeting approved to acquire 70% of the equity of Changzhou China Steel Precision Material Co., Ltd. with cash and new ordinary shares as consideration.

Letter from the Ministry of Economic Affairs: On December 7, 2023, the equity case was approved with approval No. 11256114620.
Letter from the Securities Over-the-Counter Trading Center of the Republic of China, a legal person consortium: Securities Office Supervisor Zi No. 1130200171 on January 25, 2024, agreeing to report the share conversion case to the competent authority.

Basic information table of the acquired and transferred companies

December 31, 2023; Unit: NT$thousand

Company Name		Changzhou China Steel Precision Material Co., Ltd
principal		Feng, Fu-An
Paid-in capital		US$50.88 million
Main business items		Manufacturing and processing of titanium, nickel alloy materials, high-performance copper-nickel alloy strips, titanium alloy strips, and special alloy forgings, and sales of self-produced products; engaged in the import and export, domestic procurement, wholesale, and commission agency of metal materials.
main products		Titanium alloy, nickel alloy, etc.
Financial information for the most recent year	Total assets	3,297,198
	total liabilities	1,659,928
	Total shareholders' equity	1,637,270
	operating income	3,527,342
	Operating profit	210,730
	Operating profit/ loss	107,185
	Profit and loss for the current period	103,155
	Earnings per share	N/A

X. Implementation of the fund utilization plan：
Previous issuances or those that have been completed within the last three years and the program benefits have not yet appeared: None.

Five. Overview of Operations

I. Information on business

(I) Scope of business

1. Permitted scope of business

(1) Aluminum Rolling, Drawing and Extruding.
(2) Copper Rolling, Drawing and Extruding.
(3) Other Non-Ferrous Metals (tin, nickel, tungsten, and various forms of silver metal or silver alloy).
(4) Surface Treatments.
(5) Mechanical Equipment Manufacturing.
(6) Electronics Components Manufacturing.
(7) International Trade.
(8) Wholesale of Electronic Materials.
(9) Wholesale of Building Materials.
(10) Other Chemical Materials Manufacturing.
(11) Ceramic and Ceramic Products Manufacturing.
(12) Other Metal Products Manufacturing.
(13) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Main products and services:

The Company engages in the processing and sales of a variety of optoelectronic thin film materials, precious metals, and special material parts for optoelectronic equipment. The existing main products include:

(1) Sputtering targets and special alloy products

A. Targets for flat panel displays (such as high-purity aluminum targets, molybdenum targets, titanium targets, and copper targets).
B. Targets for photorecording medium (such as silver and silver alloy targets, zinc sulfide targets, and silver-indium-antimony-tellurium targets).
C. Thin film targets for crystal oscillator/passive components (such as gold targets, silver targets and nickel alloy targets).
D. Tooling/decoration/functional coating targets (such as aluminum targets, silver targets, copper targets, titanium targets and nickel alloy targets).
E. Various types of metal targets for semiconductors (such as high purity alloy targets, evaporation materials, consumables and equipment components, etc.).
F. Special alloys-nickel-based super alloys, biomedical composites, titanium materials and livelihood products

(2) Precious metals: Processing and sales of pure gold and silver.

3. The proportions of the sales of the Company's products:

Unit: NT$ thousands

Product	2023	
	Sales	Proportion (%)
Sputtering targets and others	872,911	36.29
Precious metals	1,532,208	63.71
Total	2,405,119	100.00

4. New products developed

(1) Sputtering targets and evaporation materials in the semiconductor packaging, wafer thinning and IC manufacturing field.
(2) Development of third-generation compound semiconductor sputtering aluminum alloy targets.
(3) Ternary and quaternary alloy record targets and new dielectric targets for optical discs.
(4) Integration and development of sheet technology for value-added application of economic recycling - high purity aluminum edge waste.
(5) Nickel-based specialty alloy products
(6) Development of biomedical Al-base composite materials

(II) Overview of the industry and development

We are a professional material company and have become the largest metal targets plant for displays in Taiwan, with a focus more on the development of various materials. The development trends of the flat-panel display and the quartz crystal industries is further specified below :

1. The situation and development trends of the industry

(1) Flat-panel display industry

Due to the impact of the Russo-Ukrainian War, global inflation, bad situation of the panel industry in the first half of 2023 and the urgent transformation of Taiwanese panel manufacturers, the demand in the panel market is sluggish, and it is estimated that the situation in the panel industry will continue into the first half of 2023, directly affecting the sales of targets, so we must be cautious and conservative in terms of shipments this year; we are now also moving into new areas for our customers.

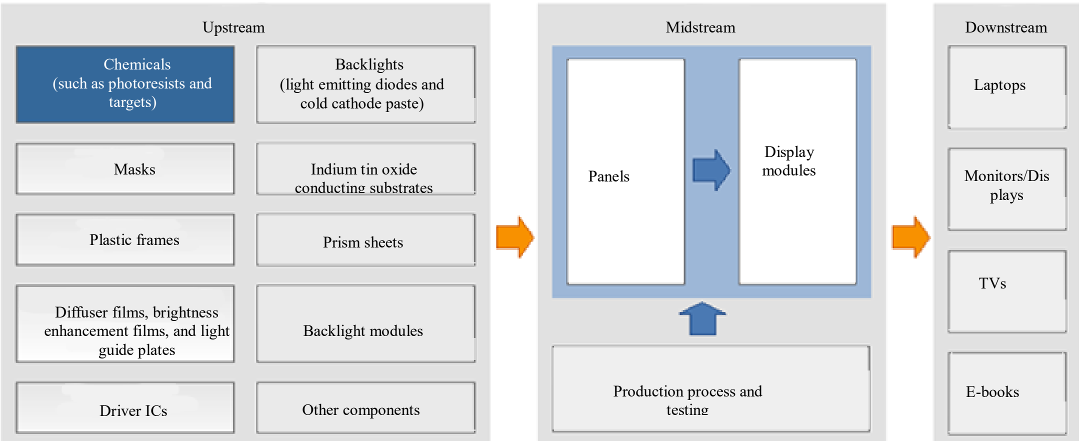
Major panel manufacturers around the world in the LCD panel industry have begun to shift their focus to 8K and micro LED technologies, for example, Innolux Corporation and AUO Corporation have begun to mass-produce 8K panels, while BOE's Hefei 10.5-generation production line and CEC Panda will also be able to mass-produce 8K panels. As for micro LEDs, AUO Corporation has also successfully adopted micro LEDs in the automotive market. Overall, accelerating the upgrade of high-resolution technologies will be the key to the growth of the TV market in the future. International brands continued to enhanced their business layout of high-end TV applications, such as 8K displays, micro LEDs, and OLEDs in the future, indicating the constant advancement of the display technologies. As a professional material company, we will advance with the times and catch up with the technology footprint of the display industry to provide materials that satisfy clients' needs to develop and grow together.

(2) Crystal oscillator market:

Crystal oscillators are one of the passive components and are widely adopted, including communications and electronic products; they are extensively and stably applied to automotive electronics. The quantity and output of quartz components in the field of communication and electronic products are growing steadily, and the scales of the markets for laptops, game consoles, and digital TVs, digital cameras are expanding, so the demand for quartz components is also increasing. Thus, the growth potential in the future is enormous.

The automotive electronics market is worth noticing as everything from automotive remote control systems, electronic toll collection systems, tire pressure monitoring systems, airbags, temperature control, to various safety detection devices requires quartz components in varying quantities. With the trend of automotive electronic control, the market is growing rapidly as the largest source of demand for quartz components second only to the communication market.

2. The relations between the up-, mid-, and downstream industries



(III) Technology and R&D

1.Technology Overview and R&D

As a member of China Steel Group, TTMC, an industrial materials supplier, is dedicated to develop opto-electronic target materials. Since the Company was established in 2000, we have been dedicated to the development and production of photorecording medium, magnetic recording medium, passive components, decorative coatings, flat-panel displays, crystal oscillators, and various targets/evaporation materials for semiconductors (which have successfully replaced imported key targets for thin film sputtering processes), allowing us to play a crucial role in the supply of industrial materials for the domestic thin film processes, thereby helping to enhance the competitiveness of the domestic 3C products and optoelectronic industries.

In recent years, as Japanese target manufacturers have withdrawn from the optical disc market, the Company has become the only supplier in the dielectric target market, and has gradually expanded its optical disc industry product offerings in line with customer needs. In the LCD panel industry, we continue to optimize the target material process. In addition to improving the material yield, we also produce a fine and uniform microstructure, providing customers with the most cost-effective target materials and helping to enhance the competitiveness of the domestic LCD panel industry. The Company has become the leader in domestic metal targets, and has successfully expanded the LCD panel target market in Japan and mainland China.

Since 2020 the Company launched to the semiconductor target industry, we adopt strategies, including manufacturing processes "from back end to front end", target sizes "from small to large", and accompanying "evaporation materials with targets", and have successively developed targets for semiconductor packaging and wafer thinning processes. In addition to industrial materials for thin film manufacturing processes, it also strengthens market expansion of new products, such as titanium consumer products, specialty alloys and panel factory equipment components. In 2023, Taiwanese panel manufacturers have been transforming into advanced packaging technologies. Our company plays the role of a material supplier and cooperates with the development and integration of carrier board process technology to become the only supplier in the market. We have also continuously optimized the composition of material alloys and successfully developed special nickel-based alloys that are corrosion-resistant and high-temperature heat-resistant. We help extend the service life of equipment consumables and provide cost-effective products, which not only effectively reduce customer costs, but also enable product design and development based on customer usage conditions. Processing and production, providing one-stop service.

TTMC has become one of the top domestic target material suppliers and a member of the industrial material supply chain. We have strived to localize the supply of industrial materials and are competitive in prices, quality, technology, and service. We continue to differentiate our product performance to lay a solid foundation for our sustainable development; we also aim to create a competitive edge and enhance the competitiveness of our products.

2. R&D expenses spent for each of the most recent five years

In 2023, the total expenditure of research and development funds for TTMC was NTD 31,908 thousand, accounting for 1.44% of the Company's standalone revenue. This ratio is slight higher than the ratios of research and development expenses to revenue from 2019 to 2022, due to a higher R&D expenditure for the development project of semiconductor target materials, and a lower individual turnover. Due to the impact of the epidemic on precious metal prices in 2021, the overall R&D expenditure ratio was relatively low, which attributed from the low price of precious metals due to epidemic impact, if the turnover of precious metals was deducted, the R&D expenditure ratio were 3.1%, and 3.4% in 2021, and 2022, respectively, being within the normal range. The R&D expenses are mainly for TTMC's internal development or China Steel's collaborative development.

Unit: NT$ thousands

Item/Year	2019	2020	2021	2022	2023
R&D expenses	24,898	27,385	22,794	25,745	31,908
Net standalone operating revenue	1,994,819	2,166,976	2,744,818	2,288,609	2,221,090
Proportion of R&D expenses to revenue	1.25%	1.26%	0.83%	1.12%	1.44%

3. New product development and achievements:

(1) R&D resources and achievements:

The research focus of the Company in 2023 is still on the construction of semiconductor target substrate technology and strategic products development. In addition, it also improves the quality of aluminum target products in the panel industry, expands the development of specialty alloy product and the recycling of raw material, etc. In terms of intellectual property, we continue to promote patent management, business secret management, copyright management and protection measures, etc. In response to the current internal situation of the company, we carried out "patent management operations" in 2023, optimizing and revising operating standards for patent application, review, maintenance and evaluation, etc., and complete the annual personnel intellectual property management education and training to improve and implement the intellectual property management level. By implementing the development of semiconductor targets and specialty alloys, and establishing the recycling and refining technology, the sustainable development of technology is expected to be deepened and the research and development results are brilliant in 2023. The major projects are described below.

A. Completed the development of a total three “3 new” products (new products, new process-improved products, new application-implemented products (products receiving orders after clients verification); completed the development of a total of two strategic new products. In addition, a total seven newly processed alloyed targets for optical medium application were completed, and four patent proposals were filed.

B. Continue to develop the technology for wafer-level high purity Al-alloy, Titanium, Copper, and Tantalum semiconductor targets, such as the establishment the optimized process method and operation of thermo-mechanical processing and diffusion bonding. In addition, the integration of effective supply chains and the development of low-cost process were executed. We not only accelerate the verification of semiconductor end-user, but also strive for and establish the mass-production capability to enhance the competitiveness of products.

C. Continue to improve the manufacturing process for TFT-LCD aluminum target. In addition to improving product quality and increasing product yield, we also continue to evaluate new material sources.

D. Complete the development of high-purity 5N5 aluminum-copper alloy monolithic targets for semiconductors, and small-batch trial mass production, and the discussion with customers on verification sampling plans.

E. Continue to promote specialty alloy-related products, provide cost-effective local supply of cost-effective radiant tubes, pickling-resistant hooks, and integrated supply chain services, continue to expand local integrated supply; and develop low-expansion alloy large-size thin plates , becoming the only supplier of carrier substrates for panel-level fan-out packaging.

F. Establish the copper scrap target smelting process technology, which includes copper scrap target pre-treatment, smelting, degassing and other process technology. We will continue to build low-oxygen and casting process technology, focusing on the raw material economic recycling process technology. Extend the lifetime of raw materials and reduce carbon emissions.

G. Optimize the large-scale hot-pressing equipment process of local partners, complete local mass production of medical powder metallurgy composite materials, significantly reduce the production costs by about 30%. In addition, 2 sets of one-piece low-temperature metal casting processing molds were completed and the delivery as scheduled and as quality.

(2) Other new product developments:

The global market value of high-purity semiconductor targets amounts to NT$20 billion; Taiwan's IC industry accounts for 20% of the world's total, and the demand for targets reaches NT$4 billion. With an oligopoly in place, nearly 80% of the market is occupied by large companies in the United States and Japan. Although Taiwan's localized target suppliers have all acquired the relevant heat treatment process technology, they are still unable to grasp the high purity raw material source due to the mineral source and purification process technology. Compared to major foreign manufacturers, it has no product advantage and is less competitive. In order to further enhance the competitiveness and advantages of domestic products, the main focus is on the development of raw material recycling, marginal waste and economic recycling process technology, with the aim of mastering the source of materials or expanding the process technology to re-produce products. In 2023, we continued to build up the regeneration of aluminum and copper raw materials, and built up a cold rolling process to complete aluminum foil from high purity aluminum scrap, and applied it to the electrode of aluminium cell. The copper scrap target smelting process technology, which includes the construction of the pre-treating, smelting, degassing and other process technologies for copper scrap target. We will continue to build low-oxygen and casting process technologies, focusing on raw material economic recycling process technology to extend the life of raw materials. , reduce carbon emissions to enhance the TTMC’s competitiveness in semiconductor industry.

4. Intellectual property management:

To safeguard patents and intellectual property rights, we launched the intellectual property management policy in 2021 to strengthen and maintain the layout of various technology patents, ensure the Company's R&D achievements, and enhance product competitiveness and profitability. Our intellectual property management goal is to protect the Company’s R&D achievements and technological leadership, thereby providing quality services and expanding the scope of services. The following implementation targets have been set for 2023 to expand the scope of intellectual property management and to improve and implement patent management.

■ Revise the patent proposal reward methods and forms in the patent management operating procedures, improve proposal bonuses, certification bonuses and other incentive measures, and encourage employees to innovate and develop.

■ Intellectual property management education and training once to enhance awareness of intellectual property management and reduce intellectual property risks.

■ Continue to promote patent applications and layout, with at least 4 patent proposals in 2023

◆ Implementation and intellectual property management achievements during 2023

The Company has formulated and implemented the "Trade Secret Management System", "Intellectual Property Right Management Plan", "Intellectual Property Management Regulations" and "Patent Proposal Application Process and Incentive Regulations"; the specific implementation achievements in 2023 are as follows, which were submitted to the Board of Directors on November 2, 2023.

(1) In 2023, the "Patent Management Operation" was revised to optimize operating specifications for patent application, review, maintenance and evaluation, etc.

(2) In 2023, 9 times of annual personnel intellectual property management education and training for an internal R&D project system was implemented.

(3) In 2023, the total number of global patent applications has accumulated to 11, the total number of approvals has accumulated to 5, 11 confidential documents are listed in the company's technology research and development, and 16 trademarks (11 in Taiwan, 3 in China, and 2 in Japan).

(IV) Long-term and short-term business development plans:

1. Short-term business development plan

(1) Marketing strategy

A. The Company's marketing strategy is centered on client needs, to provide complete after-sales service and technical support to obtain clients’ trust and stable orders in the long term.

B. Provide cost-effective products, replace imported materials, and strive to increase the domestic market share.
C. Make good use of the China Steel Group's technology and equipment to enhance the Company's competitiveness.
D. Seek strategic collaboration with raw material companies abroad with competitive advantages to reduce our production costs and improve the competitiveness of our products.
E. Work with equipment vendors and distributors in relevant industries abroad, to license distributors and accelerate the sales and increase the market share of our products abroad.

(2) Product development strategies
A. Based on existing products, plan high- and low-end product production and supply chains to meet customer needs at different levels and expand product sales in various fields.
B. With the existing factory equipment capabilities, eliminate production lines with low utilization rates and poor profits, and fully pursue the domestic and foreign market share of mass-produced products.
C. Seek stable and more competitive sources of raw material supply to improve the cost-effectiveness of products.
D. For mature and highly competitive products, improve the depth of technical services and added value of products, maintain existing market share, and set profit targets.

(3) Operations and financial strategies
A. Hone the ability to plan and manage products, to timely launch various products in alignment with clients' needs.
B. Standardize operating processes through continuous education and training, enhance our industry acumen, and build the ability to quickly respond to clients' needs.
C. Improve the horizontal communication and mutual support between departments and accelerate product and business development.
D. Establish correct financial management concepts and complete financial plans to ensure sound financial operations.

2. Long-term business development plan

(1) Marketing strategy
A. Expand into markets of new fields, customize products, and provide one-stop service to clients.
B. Reinforce technology marketing, establish a database of product application properties, provide clients with comprehensive solutions to issues in the field of sputtering, and develop a professional brand image in the field of materials.
C. Participate in international exhibitions through the Company's website to increase product exposure and visibility in the world.

(2) Product development strategies
A. Continue to pursue stable quality and reduce manufacturing costs of our existing products, enhance the after-sales technical services, and improve client satisfaction to stay highly competitive.
B. Integrate upstream and downstream supply chains to create a long-term win-win-win partnership between raw material suppliers, clients, and the Company.
C. Develop targets in alignment with market demand, such as copper and tubular targets. In addition, make good use of the Company's analysis and processing capabilities to develop equipment consumables and parts to replace imported materials.
D. Develop nickel-based alloy products in alignment with client needs for application to pickling tanks and heat treatment furnaces, facilitating the upgrade of industrial technology.
E. Combine the Group's advantages in the manufacturing of upstream titanium materials; design, manufacture, and distribution of daily-life titanium products; provide Taiwanese people with safe, healthy, non-toxic, and eco-friendly eating utensils.
F. Respond to the booming development of Taiwan's semiconductor industry and develop metal targets and sputtering materials required for each process in the industrial chain to lay the foundation for the Company's next stage of growth.

(3) Operations and financial strategies
A. Integrate the China Steel Group's resources, including the advantages in manufacturing, technology, and R&D, and develop suitable products.
B. Reinforce technical services, leverage advantages in local supply, and become a local enterprise that supplies cost-effective materials to the optoelectronic industry.
C. Strengthen personnel training, improve personnel's quality and their work quality, and enhance operating performance.
D. Expand and adopt the manufacturing equipment required for mass production of high-value targets and develop complete mass production capabilities.
E. Adopt a stable and professional financial plan and prepare capital needed for business growth through a variety of fund raising channels in the capital market to meet the needs of the Company's development plan, thereby facilitating the Company's long-term steady growth.

II. Overview of the market and production and sales

(I) Market analysis

1. The Company's main products and sales regions

Unit: NT$ thousands

Region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic sales		2,176,688	86.12	2,119,454	88.12
Export	Asia	306,209	12.12	242,149	10.07
	The Americas	34,585	1.37	24,711	1.03
	Europe	9,885	0.39	18,805	0.78
Subtotal		350,679	13.88	285,665	11.88
Total		2,527,367	100	2,405,119	100

Our main products are sputtering targets and precious metals used in the optoelectronic industry. In 2023, the main sales region was the domestic market, with the sales accounting for about 88.12%, followed by Asia, accounting for about 10.07%, and the United States, and Europe, accounting for about 1.81%.

2. Market share

We mainly produce materials used for optical storage media, optoelectronics, biomedicine, decoration, tool coating, and metals. In recent years, we have gradually stepped into the field of semiconductors, to develop toward the materials used for front-end wafer manufacturing from the back-end packaging in the semiconductor process. Our main products include flat and tubular sputtering targets for thin film processes, acid-resistant special alloys, and daily-life titanium products. Our market shares of optical storage media targets and metal targets in optoelectronics industry are about 40% or more, respectively. In recent years, as we have successfully expanded into Japan’s and China’s markets, and we have continued to make profits. We actively develop a variety of products in various fields and provide clients with a full range of material supply services. In addition to maintaining our existing panel market, we are actively expanding into the semiconductor and 5G markets and sparing no effort to build a business layout to maintain the Company's growth.

3. The future supply and demand in the market and product development trends

(1) With the rapid development of 5G, electric vehicles, low-orbit satellites, etc., seize the business opportunities of new industrial applications. With the rapid development of the high-tech industry, Taiwan's small and medium-sized LCD panel generation is more actively transforming and developing. The deployment of 5G networks is expected to innovate in products and services, while also bringing new applications to small and medium-sized panels. In addition, the rise of the Internet of Things will also bring new business opportunities to panel manufacturers, because the human-machine interface requirements of IoT connected devices used in manufacturing, medical, vehicles and other applications will bring new application business opportunities to displays. Since customers in various industries have their own standards, panel manufacturers can take advantage of the different features of panels, such as flexibility, high transparency, and heat or cold resistance, to develop customized products for different customers.

The aforementioned business opportunities will stimulate a substantial growth in demand for panels, and accordingly the target materials required in the panel production process will also be increased. With limited new entrants in the target industry, this will benefit the sells of Company's various Niche products.

(2) The demand for quartz oscillators for electronics and automotive industries is stable

The company features more than ten years of silver target and silver alloy target business foundation. In recent years, it has actively expanded its cross-strait quartz oscillator customers and actively expanded industrial demand.

(3) Almost all technological devices in daily life need semiconductor chips, which are applied to smart phones, automobiles, the internet, cloud data, industrial automation, smart homes, and various consumer electronic products. The demand for the key semiconductor technologies and components in the industries is increasing day by day, facilitating the steady expansion of the potential markets. We have a total of 20 years of experience in sputtering targets, ranging from optical discs, decorative coatings, and targets for passive components in early days to various generations of display targets; we have occupied a place in the targets market. During 2023, we became part of the semiconductor supply chain of multiple customers and continued to expand our market share and gradually developed toward the materials used for front-end wafer manufacturing from the back-end packaging in the semiconductor process. This field may enable the Company to further increase our sales in the future.

4. Product competition

(1) Facing the competition pressure from the external environment, we have created our competitive advantages and enhanced our product competitiveness through continuous innovation and China Steel's assistance R&D resources. We have switched our focus to high-value, interdisciplinary product R&D, with a focus on cost control to improve product gross margin, ensuring great potential for long-term business growth. We need to further enhance the values of our core technologies by expanding into different fields, such as medical and semiconductor packaging fields or high-end automotive panel market, in order to diversify the Company's products and markets.

(2) The "red supply chain" in China drives Taiwan's imports to rise. As China's government adopts financial subsidies and financing policies to motivate businesses to innovate voluntarily and build their own brands, along with the trend of enterprises forming groups, the red supply chain has gradually emerged. The rise of the red supply chain has not only undermined the local supply chains but also intensified the competition between businesses on both sides of the Taiwan Strait and even affected the global competition and collaboration. In addition to improving the flexibility of supply and shortening the development cycle of new products, a localized supply chain will ensure more efficient services and response to clients' issues. Localized supply chain players are developing toward emerging industries with higher gross margins and added values. As it is difficult to cope with the threat from the red supply chain in terms of existing electronic product lines, localized supply chains need to transform themselves quickly and identify their own values quickly, while strengthening their innovation and R&D capabilities in terms of speed, cost, or differentiation, to create sustainable competitiveness.

(3) Nearly 137 countries around the world have declared to achieve net-zero emissions by 2050 (including the EU region and Taiwan). Facing this trend and the sustainable development issue, we have strengthened our ESG and CSR efforts, set 10-year short-, medium-, and long-term strategies and goals in alignment with the Corporate Governance 3.0 - Sustainable Development Blueprint, and prompted employees, clients, and suppliers to pay attention to such issues. We also adopt carbon reduction strategies and implement the concept of circular economy for various processes. For example, we adopted refining technology to recycle and reuse all available precious metals, integrated upstream recycling and downstream smelting channels, to reuse resources and form a more valuable circular economy model for materials, thereby creating a win-win-win outcome for the production, clients, and the environment. The strategic layout can be adjusted on a rolling basis. This model allows us to explore green business opportunities and enhance our product competitiveness.

5. The favorable and unfavorable factors for future development and countermeasures

(1) Favorable factors

A. Taiwan is the hub of the global optoelectronics industry

Taiwan is the global manufacturing hub for optical discs, flat panel displays, and semiconductors. With the continuous expansion of the global flat-panel display and semiconductor production scale, Taiwan's manufacturers play a crucial role in the supply chain of such products, and Taiwan has witnessed a high growth rate of targets used in high-tech industries, leading to enormous business opportunities for domestic targets manufacturers.

B. The government rewards the R&D of high-tech materials

Motivated by government policy, the Industrial Technology Research Institute, the National Chung-Shan Institute of Science & Technology, and the Metal Industries Research & Development Center have continued to invest in the R&D of new targets, new industrial applications, and circular economy applications and assist domestic businesses in upgrading technology or transferring technology to them, enabling domestic businesses to make technological breakthroughs and shorten development cycles.

C. Coating application fields continue to expand

Optical recording media, flat-panel displays, as well as optical, semiconductor, and automotive products are the main areas for coating applications. With the advancement of sputtering technology and the lower production costs, the thin film application fields continue to expand, thereby driving the increasing demand for targets.

D. Green energy industry has become global development vision

In alignment with clients' needs for green energy, we actively put R&D resources to develop key materials required by this industry, to reduce downstream businesses' reliance on imported materials and enhance the domestic green energy industry's international competitiveness.

E. Circular economy development

We actively invest in the recycling and reuse of metal targets in alignment with clients' requirements for carbon reduction to achieve a win-win outcome for both sides, thereby achieving sustainable ESG development.

(2) Unfavorable factors and countermeasures

A. The competition in the targets industry is becoming intensified

In recent years, China has actively localized the supply key materials to replace imports. Therefore, it has continued to expand production in the fields of LCD panels, touch panels, LEDs, and optical films. To receive government subsidies, compete for capital market funds, and seize targets business opportunities, China’s businesses launched a price war, thereby intensifying the competition in the industry.

- ◆ Countermeasures: Continue to reduce the cost of materials, put quality first, improve production efficiency and clients’ problem-solving ability, increase local clients’ dependence, maintain profits for manufacturers, and differentiate our business from that of China’s targets manufacturers

B. The use rate of targets has increased and the tubular targets have become more common

With the advancement of sputtering technology and the continuous improvement to target quality, the use rate of sputtering of planar targets has gradually increased, thus reducing its demand. Also, as the use rate of tubular targets is as high as 60–70%, 2.5 times that of planar targets, tubular targets will become more common, reducing the demand for targets.

- ◆ Countermeasures: Actively develop tubular targets, adopt China Steel Group’s resources, continue to engage in R&D, develop high-value consumables to reduce clients’ costs, win over clients, and increase orders, while developing new special alloys to diversify our product mixes and enhance our overall competitiveness.

C. Reliance on imports for key raw materials

Raw materials, such as precious metals and high-purity aluminum ingots, needed to produce targets are all supplied by manufacturers abroad, making it difficult to manage the cost of raw materials. Due to the impact of the pandemic, as the global prices of raw materials have shown an upward trend, it is not easy to keep production costs down. Transportation costs and delivery times are unstable.

- ◆ Countermeasures: Negotiate long-term trading models with suppliers of key raw materials, have safe stocks, and work with multiple suppliers, while timely negotiating with suppliers to reduce the cost of materials based on raw material price fluctuations to enhance the Company's competitiveness. Moreover, we have a precious metals, silver and indium, recycling and refining production line, to recycle the residual materials and residual sputtering targets in the process, to accurately control the loss and cut the cost of raw materials. Also, we work with raw material companies to recycle and reuse the residual materials based on a circular economy model, to reduce the cost of raw materials.

D. Threats from China's LCD panel industry increased

China's panel production capacity has ranked first in the world. With its advantages in policies and production capacity, it has posed a threat to Taiwan's panel manufacturers, which may affect the availability of the production lines of Taiwan's manufacturers in the future.

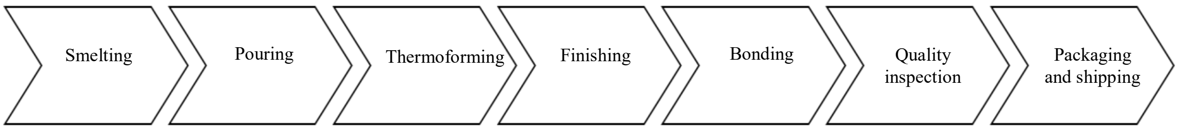
- ◆ Countermeasures: The Company’s investee Taicang ThinTech Material Co., Ltd. established in China engages in the sales of various types of targets. It works with Taiwan’s downstream manufacturers first and adopts our targets as per its production timelines to ensure long-term stable orders, enabling the Company to lay a foundation for sustainable development in the markets across the Taiwan Strait. Furthermore, we supply various new application materials due to the transformation of many Taiwanese panel manufacturers to continue to expand the industries to sell our products so as to diversify risks.

(II) Important functions and production processes of main products

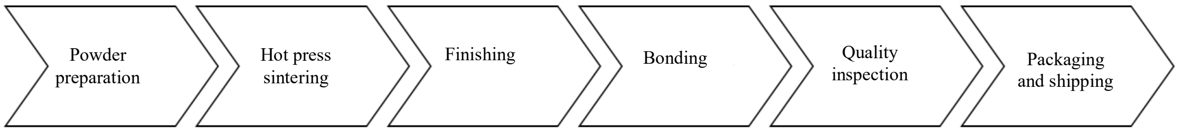
1. Applications of main products

Thin film technology contributes to the development of components that are light, thin, short, and small. In the 3C industry, thin film technology can be divided into two major processes: physical and chemical deposition. Among them, the physical vapor deposition process can be divided into two major categories. One is sputtering. Plating is evaporation; the raw materials required for the sputtering process are target materials, and the raw materials required for the evaporation process are evaporation materials. Materials can be divided into two categories: metals and ceramics according to their properties. In thin film applications, they are conductive, reflective, protective, dielectric, decorative coatings, etc. The main terminal applications include flat-panel displays, optical discs, passive components, touch panels, semiconductors and other industries. , the related production processes of target materials and evaporation materials are as follows.

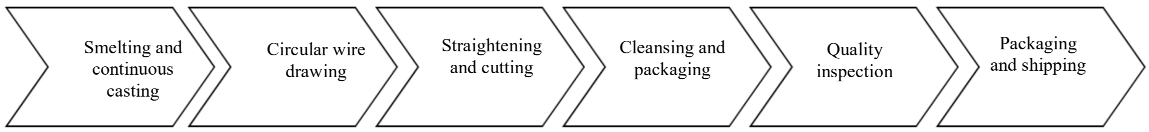
Pure metal or alloy targets manufacturing process:



Ceramic targets manufacturing process:



Metal evaporation material manufacturing process:



(III) Supply of main raw materials

Main raw materials	Main supplier	Supply
Silver	Company JS	Introduced in 2023, supply stably
Aluminum	Company H	Stable

(IV) The names of clients with purchases (sales) accounting for at least 10% of the total in any of the last two years, the amount and percentage of the purchases (sales), and reason for increase/decrease:

1. Information on major suppliers in the most recent two years:

Unit: NT$ thousands

	2022				2023				2024 as of the previous quarter			
Item	Name	Amount	As a percentage of total net purchase (%)	Relations with the Company	Name	Amount	As a percentage of total net purchase (%)	Relations with the Company	Name	Amount	As a percentage of total net purchase during the current year up to the prior quarter of the current year	Relations with the Company
1	B	1,132,143	53	None	A	868,658	45	None	A	The data at the end of the quarter before this annual report is the data for 2023 and published in 2024, so the information is the same as on the left.		
2.	Others	992,391	47	None	Others	1,070,066	55	None	Others			
3.	Net purchase	2,124,534	100		Net purchase	1,938,724	100		Net purchase			
Reason for changes in increase or decrease: Company A is the main supplier of silver and the others include suppliers of silver and targets.												

2. Information on major clients in the most recent two years

Unit: NT$ thousands

	2022				2023				2024 as of the previous quarter			
Item	Name of client	Amount	As a percentage of total net sales (%)	Relations with the Company	Customer Name	Amount	As a percentage of total net sales (%)	Relations with the Company	Customer Name	Amount	As a percentage of total net sales during the current year up to the prior quarter of the current year	Relations with the Company
1	A	599,923	23.74	None	A	644,129	26.78	None	A	The data at the end of the quarter before this annual report is the data for 2023 and published in 2024, so the information is the same as on the left.		
2.	B	243,511	9.63	None	B	250,886	10.43	None	B			
3.	C	183,691	7.27	None	C	250,335	10.41	None	C			
4.	D	259,026	10.25	None	D	246,002	10.23	None	D			
5.	Others	1,241,216	49.11	None	Others	1,013,767	42.15	None	Others			
	Net sales	2,527,367	100		Net sales	2,405,119	100		Net sales			
Reason for changes in increase or decrease: Decrease in the proportion of sales to Customer A, mainly due to the decrease in demand from end-users, resulting in a decrease in related sales.												

(V) Production volume and value in the most recent two years

Unit: NT$ thousands/pcs/kg

Year / Volume/Value / Main products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Sputtering targets and others (pcs)	(Note)	90,960	1,898,256	(Note)	42,738	1,598,327
Precious metals (kg)		61,791	1,520,939		56,153	1,620,972
Total			3,419,195			3,219,299

Note: The Company's main products are sputtering targets, which produced in variety of types in small quantities rather than standardized products, and most of the production equipment is shared, so the production capacity cannot be calculated; other products are mainly counted in pieces, units, sets, kg, or tons, so the quantities cannot be aggregated.

(VI) Sales volume and value in the most recent two years

Unit: NT$ thousands/pcs/kg

Main products \ Sales volume and value \ Year		2022		2023	
		Volume (Note)	Value	Volume (Note)	Value
Sputtering targets and others (pcs)	Domestic sales	31,369	711,614	26,271	617,211
	Export	34,042	292,330	34,176	255,700
Precious metals (kg)	Domestic sales	69,261	1,465,074	62,757	1,502,243
	Export	2,864	58,349	1,068	29,965
Total	Domestic sales		2,176,688		2,119,454
	Export		350,679		285,665

Note: As our products are mainly counted in pieces, units, sets, kg, or tons, so the quantities cannot be aggregated.

III. Employees:

The number of persons in the Company and the investees during the most recent year and as of the publication date of this annual report is as follows:

February 29, 2024

Year		End of 2022	End of 2023	As of February 29, 2024
Number of employees	Direct labor	115	108	109
	Indirect labor	142	136	136
	Total	257	244	245
Average age		42.50	44.18	43.93
Average years of service		11.68	13.89	13.29
Ratio of education attainment %	Doctoral degree	1.17	1.23	1.22
	Master’s degree	17.12	15.98	14.29
	College/University	50.58	52.46	54.29
	Senior high school	24.51	25.00	24.90
	Below senior high school	6.61	5.33	5.30

IV. Information on environmental management measures and environmental protection expenditure

(I) Environmental management measures

1. Environmental management system: The Company passed the ISO 14001: 2004 environmental management system first inspection certification in February 2008 and passed the ISO14001: 2015 version successfully in July 2016. We continue to improve the ISO14001 environmental management system, gradually enhance the performance of various environmental management measures, and perform internal and external audits each year to maintain the normal operation of the system to ensure that all operations are in compliance with the ISO14001 regulations. With systematic management, we continue to implement environmental protection measures. The latest certificate is valid from July 30, 2022 through July 29, 2025.
2. Environmental management organization: We set up an environmental protection unit with appropriate personnel to implement various environmental protection tasks.
3. Environmental and ecological protection: We continue to plant trees at all plants in alignment with the concept of landscaping, assign personnel to plan and manage the green space and ecological ponds at the plants, and appoint professional landscaping companies to maintain the trees at the plants every month.
4. Air pollution management: We have installed air pollution control equipment, such as scrubbers and dust collectors, regularly monitor the pipes and ambient air quality as per law, ensure the normal operation of control equipment, and apply for, change, use, and extend permits as per law. We continue to enhance in-plant inspections and review the fugitive emission pollution prevention and control work, and set out reduction and improvement measures.
5. Waste management: We meet requirements of government regulations, adhere to the principle of recycling, and have the business waste from the processes collected and disposed of by a management company endorsed by the Environmental Protection Administration, to ensure that the waste is disposed of properly and legally.
6. Wastewater (sewage) management: The Company's wastewater (sewage) is equipped with wastewater pre-treatment facilities, and wastewater is flown into the outlet approved by the Southern Taiwan Science Park Bureau after treatment for discharge, and the bureau randomly samples and tests the effluent in the plant from time to time per week to ensure qualified discharge.

7. Circular economy model: We adopted refining technology to recycle and reuse all available precious metals, integrated upstream recycling and downstream smelting channels, to reuse resources and form a more valuable circular economy model for materials, thereby creating a win-win-win outcome for the production, clients, and the environment.

Losses incurred due to pollution during the most recent year and up to the publication date of this annual report (February 29, 2023)

Item	2023	January to February, 2024
Pollution (type and degree)	None	None
Compensation recipient and party punished	None	None
Amount of compensation or punishment	None	None
Other losses	None	None
Date of punishment	None	None
Punishment document No.	None	None
Law violated	None	None
Content of law violated	None	None
Content of punishment	None	None

(II) Details of the improvement to the environmental expense and health and safety expenditure in the most recent two years up to the publication date of this annual report:

1. Environmental expenses:

Unit: NT$

Expenses	2022	2023
	Amount	Amount
1. Air pollution control expense	0	0
2. Sewage use expense	100	65
3. Soil and groundwater pollution remediation expense	14	13
4. Business waste disposal expense	1,188	1,084
5. Environment inspection and testing expense	103	710
6. Environmental facilities installation, repair, or maintenance expense	101	498
7. Government environmental protection fees (review/certificate fees)	7	3
Total	1,513	2,373

2. Health and safety expenditure:

In 2023, the measures taken to improve the health and safety in the production process are as follows:

(1) In 2023, the hydraulic punching machine was equipped with a distance grating power-off sensor. It was originally started by a single two-hand operation. It is forbidden for more than two people to approach the non-operating side. When the second or more people enter the warning range, the power will be cut off immediately to avoid personnel errors. There is a risk of injury.

(2) In 2023,the indium operation area is equipped with local exhaust equipment to minimize the content of indium volatiles in the area during operation, and to reduce the risk of personnel being exposed to indium fume and inhalation-derived health hazards.

(3) In 2023, a second set of liquid level control switch solenoid valves was installed in the water inlet pipe of the pure water tank. When the liquid level is high, the warning light and buzzer are connected to prevent the operator from not paying attention to the abnormal liquid level and causing pure water overflow. There is a risk of equipment damage or workers getting electric shock or slipping.

(4) In 2023, due to long-term wear and tear of the equipment load-bearing platform frame, some of the frame bars have become thinner or even on the verge of breaking. For fear of causing crushing or crushing injuries to personnel, the original 8mm thick frame bars were changed to 10mm to increase its durability. .

(5) In 2023, the environment in the chip cleaning area was humid. The equipment in this area originally used general non-fuse circuit breakers. The leakage circuit breakers were replaced in accordance with regulations and the holes above the motor switch box were waterproofed to prevent leakage. Risk of electric shock. In addition, eye-catching yellow paint is painted on the outside of the anti-leakage skirt at the edge of the chip cleaning platform to prevent workers from tripping and falling.

(6) In 2023, the turning jig used to turn over the target must use nylon ropes to cover the rotating sleeves on both sides during the turning operation. Because the outer diameter of the outer sheet metal parts of the sleeve is aligned with the inner sleeve, there is a risk of hanging. There is a concern that the nylon rope will shift and slip from the outside when hanging deflected, so two sets of sheet metal parts are made on the outside of the rotating sleeves on both sides of the jig, and welded to the outside of the left and right sleeves, so that the inner and outer sides are 15 (mm) There is a height difference to improve safety and effectively prevent the rope from falling from the outside and injuring people.

(7) In 2023,the large target transport trolley is equipped with a 4-inch nylon wheel .leads to load problems, the wheel body often wears and gets stuck, causing transportation burdens. In order to improve this operational problem, we completely replaced it with a 6-inch load-bearing transport wheel. , increase the wheel size and reduce the wheel contact area, effectively improve the workload of personnel and reduce human hazards.

(8) During the target shipping operation of the elevator (freight elevator) in 2023, the entrance and exit on the left side of the carriage often sank abnormally. Therefore, the broken support steel of a single weld bead was repaired and restored because there were existing support steel intervals on both sides. The distance is large, so two sets of supporting steel are welded below the entrance to increase the load capacity of the entrance and avoid the danger of overturning due to sag and tilt when the forklift is transported. Protective measures for the work environment and employees' personal safety.

V. Work environment and employee personal safety protection measures

1. Occupational safety and health management policy is centered on the principles of hazard elimination, all-employee participation, continuous improvement, and health promotion.

(1) We manage to eliminate hazards, mitigate occupational safety and health risks, create a safe and healthy work environment, prevent work-related injuries, ill health, diseases, and accidents, and continuously provide workers with consultation as well as regularly participating in health and safety management affairs.

(2) We manage to protect the safety and health of all employees as well as suppliers, contractors, visitors, and other workers in the Company.

2. Assessment of and improvement to hazards in products, activities, or services:

(1) We assess the physical, chemical, biological, ergonomic, and other hazards and risks (maternity protection, overwork, bullying, stress, etc.), potentially arising from our various operating activities, including supplies, machines, equipment, operating environments, and personnel, at least once per year and divide the assessment results into five levels: low, medium-low, medium, medium-high, and high-risks. For those at medium-high risk or above, we should take further measures to reduce the risks; we regularly hold emergency response exercises and personnel training to reduce the chance of accidents and ensure that the Company's various operations can proceed in a safe and compliant manner.

(2) With our 6S audits, the President's work safety inspection, the safety committee's awareness-raising events, the labor safety unit's irregular audit of each unit (including construction), health education courses offered, awareness raised by the head of each unit, and daily inspection.

(3) Education and training of new employees: On new employees' first day of work, the labor safety personnel will offer education and training on AEO, the environment, the health and safety system, and work rules. No new staff recruited in 2023.

3. Health care and management:

(1) Health promotion activities in 2023: a total of 210 annual health examinations for all employees, a total of 288 four-cancer screenings (colorectal cancer screening, oral cancer, mammography, and cervical smear examination), and five cancer screenings were also held Screening and metabolic syndrome education and training, stress relief activity courses, first aid education and training (including BLS life-saving technique) and other courses.

(2) Promote the concept of good health and create a good and healthy life:

A. Organize recreational physical activities for employees - badminton, etc.

B. Stress Relief and Relaxation Activities - Office Healing and Stress Relief Planting Courses, Parent-Child Fun in the Field of Pulling Carrots, Air Pineapple Planting Activities, Pastoral Parent-Child Fun in the Field of Picking Strawberries, Orchid Planting, and Stress Relief Activity Courses.

(3) All kinds of health plans: Ergonomic hazard prevention, overwork-related disorder prevention, prevention of unlawful violence in the performance of duties, female workers' maternal health protection, respiratory protection, plan on return to work from occupational injury and illness, and return to work assessment to safeguard employees' health.

(4) Strategies and effectiveness of health promotion: employee health examination:

In accordance with the Labor Health Protection Rules, we formulated the health management procedures with the details better than the requirements in laws and regulations and organize free health examination for all employees on a regular basis per year. The results of special health examinations are managed by level, and unusual indicators are analyzed, and on-site physicians and occupational nurses provide individual health guidance, health education, and follow-up.

(5) Implementation of health promotion projects as per Article 6 of the Occupational Safety and Health Act:

A. Overwork-Related Disorder Prevention Program:

The questionnaires completed by employees who participated in the health examination and the overwork scale are as follows:

Indicators	2022 (number of people)		2023 (number of people)
Ten-year cerebrovascular risk: high risk	23	>	7
Ten-year cerebrovascular risk: medium risk	68	>	31
Overwork-related disorders: high risk	7	>	0
Overwork-related disorders: medium risk	49	>	11
In 2023, based on the company's "abnormal workload-induced disease prevention plan" analysis, 38 people who were overloaded "need to be interviewed", and all of them have completed the interview. As the average age of employees continues to increase every year, their blood pressure during physical examinations is also on the high side. Therefore, after statistics, colleagues are actively asked to measure the blood pressure of those at medium and high risk, and then control the blood pressure to reduce the risk of stroke.			

B. Preventive work plan for human-related hazards: The health inspection employees filled out the bone and muscle questionnaire, and a total of 12 people were suspected to be at risk. After a second on-site visit by an occupational medicine specialist, some of the reasons were not directly related to the work, and no findings were found. For high-risk cases, our company will continue to do its best to prevent occupational diseases Program on Unlawful Violence Prevention in the Performance of Duties: We established a workplace unlawful violence information platform or put up posters for employees to access. So far, there has been no cases identified from anonymous questionnaires and the complaint mailbox.

C. Maternal Health Protection Program: We had two cases during 2023, who completed the Labor Health in Pregnancy and Within One Year after Childbirth Self-assessment Form and the Maternal Health Protection Work Environment and Occupational Hazard Assessment Form; belonged to level-1 management.

D. Maternal Health Protection Plan: 2 cases in 2023 years (returning to the factory after childcare stay), have completed the "Self-Assessment Form for Workers' Health Situation Less than One Year After Pregnancy and Childbirth", "Maternal Health Protection Workplace Environment and Occupational Hazards" "Evaluation Form", which belongs to the first level of management.

(6) Sphygmomanometers: We have automatic sphygmomanometers in place in the security office for employees to measure their blood pressure and develop a habit of managing their health; we provide them with relevant health information and refer high-risk employees to the occupational health specialists or health service doctors for further care.

(7) Diverse health education: We offered health education to a total of 81 individuals during 2022 as per their health risks. We release relevant health information on the Company's portal website as per domestic latest news, different seasons, and common epidemic diseases, to inform our employees.

(8) No smoking in the entire workplace: The garden and the balcony of Building A and the area under the tree on the south side of Building B are designated as smoking areas. Smoking is strictly prohibited in all indoor offices. We raise employees awareness by putting up signs and posters stickers, those who violate the rule will be punished according to the work rules.

(9) AEDs were installed.

(10) Anti-mosquito repellents are sprayed from time to time in summer.

4. Emergency response exercises:

Emergency response aims to improve people’s emergency response and rescue skills, to avoid or reduce personal injuries, property loss, or environmental impact. During 2022, we held a total of two sessions of firefighting exercises and one session of toxic chemical accident exercises.

▼Disaster prevention drills are carried out in accordance with ISO-14001 emergency response operating procedures. There have been no fire incidents and no relevant improvement measures in 2023.

Annual	fire drill	poison disaster drill	fire statistics	Number of casualties (%)
2023	2	1	0	0 (0%)

5. Work environment monitoring:

We appointed a qualified work environment monitoring institution to conduct measurements of chemical and physical factors in the environment every three months or every six months in accordance with the Labor Work Environment Monitoring Implementation Regulations. The chemical factors include carbon dioxide, dust, organic solvents, and specific chemical substances, while the physical factors include noise, temperature, etc. The institution determined whether the measurement results were in compliance with laws and regulations and provided the results to the head of each unit for announcement; the results were also reported to the Occupational Safety and Health Committee. We timely improved and rectified issues to ensure employees' health. We completed monitoring at a total of 136 monitoring points (including areas and individuals) during 2023 in the work environment.

6. Safety and health management system verification:

We passed the BSI OHSAS18001: 2007 safety and health management system on June 21, 2008 and have passed the verification and inspection every year since then. We adopt a systematic management approach to hazard analysis, management planning, safety and health training, correction and prevention, outsourcing management, and health management. In addition, the verification of the advanced ISO45001 standard, which was used to replace OHSAS18001 in 2019. The ISO45001 occupational safety and health management system aims to enable each organization to prevent injuries and diseases and improve occupational health and safety performance. With the PDCA management cycle, we make continuous improvements. The latest certificate is valid from July 30, 2022 through July 29, 2025.

(II) Safety control and audit of construction operations

1. As per the contractor environment, safety, and health management procedures and construction operation management procedures, we manage and control hazardous operations of overhead work, hot work, or confined space work for workers to follow and ensure their safety and proper operation of the equipment.
2. We encourage employees to actively submit proposals for improvement to occupational safety and provide appropriate bonuses to the proposers. We also formulated the False Alarms and Accidents Investigation and Prevention Operating Procedures regarding accidents or false alarms for employees to follow. In addition, we regularly organize emergency response training, including leakage and fire, to train people's ability to respond based on a plan set out before hand, thereby minimizing losses once disasters occur.
3. As per the Regulations Governing the Occupational Safety and Health Management, "The machinery, equipment and operations, and other relevant safety facilities shall be maintained in an appropriate and safe state in compliance with laws and regulations", we formulated the Automatic Inspection Management Procedures for employees to follow, to prevent disasters from occurring, ensure personnel's safety and health, and protect our equipment and property.
4. Safe operation monitoring and audit: It is an important part of our safety culture. We detect, prevent, and correct on-site personnel's unsafe actions as soon as possible and improve the unsafe work environment and the unsafe conditions of machinery and equipment, while reviewing the defects in audits at the Occupational Safety and Health Committee. In 2022, the safety and health authorities visited the factory for inspection once, and for violations of Paragraph 1, Article 6 of the Occupational Safety and Health Act, a fine of NT$ 60,000 was imposed. This situation has now been remedied and is fully compliant with laws and regulations. The safety and health authorities did not come to the factory for inspection or guidance and inspection in 2023.
5. The company has an Occupational Safety and Health Committee with the general manager as the general convener. The results of various industrial safety inspections are reviewed and improved in meetings and carried out in parallel.

Occupational safety inspection	
6S inspection	Each committee member from each unit assigns a person as a team leader to conduct inspection with the labor safety unit once per month.
Occupational safety inspection	The President leads the production plant and the head of each unit under the Chemical Analysis Department to conduct an inspection once every two months.
On-site managers' management by wandering around	Irregular audits per day.
Labor safety unit	Inspections shall be conducted at least 3 times a week from time to time.

6. Implementation results

(1) Various occupational safety inspections during 2023

Occupational safety inspection	
6S inspection	9 times.
Occupational safety inspection	15 times.
On-site managers' management by wandering around	Daily inspections from time to time.
Labor safety unit	500 times or more.

(2) Equipment safety management

We classify the equipment, put the dangerous machinery and equipment under management as per law, and conduct detailed inspections to ensure the safe operation of the equipment. Our dangerous machinery included 21 stationary cranes, 8 forklifts, and 1 punching and shearing combined machine; dangerous equipment includes one high-pressure gas equipment, totaling 30 machines/equipment in 2023. We inspected all of them in accordance with the Regulations for Safety Inspection of Hazardous Machines and Equipment to ensure the safety during the use of such machines/equipment.

▼The occupational safety education and training and awareness raising over the past three years

Category	Number of on-the-job trainees for safety and health certificates	Number of participants in the safety and health education and training	Number of pieces of awareness-raising information on safety and health on the portal
2021	48	1312	81
2022	60	1208	128
2023	43	1246	108

▼Occupational safety performance over the past three years - employee disabling injuries

Year	2021	2022	2023
Category	Number of cases	Number of cases	Number of cases
Employees' disabling injury frequency / rate	0	1/2.34%	1/2.14%
Contractors' disabling injury frequency / rate	0	0	0
Major occupational accident	0	0	0

VI. Labor-management relations

(I) The Company's various employee benefit measures, continuing education, training, and retirement system and implementation thereto, as well as labor-management agreements and various employee rights protection measures:

1. Human rights protection policy

(1) Human rights policy

To fulfill our corporate social responsibility, we protect the basic human rights of employees and all stakeholders to achieve sustainable development, support and voluntarily abide by the international human rights conventions, including the Universal Declaration of Human Rights, and have formulated the employee appointment management regulations as the Company's human rights policy in accordance with the aforementioned guiding principles and the domestic Labor Standards Act, the Act of Gender Equality in Employment, the Occupational Safety and Health Act, and other applicable labor laws and regulations. We do not discriminate against employees in recruitment or at work or in terms of salary, promotions, bonuses, training opportunities, or retirement due to race, social class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disabilities, zodiac signs, blood types, or past union membership status. The Company's human rights policy is centered on the elimination of any violations and infringement of human rights, allowing all our employees to be treated in a reasonable and dignified manner.

(2) Human rights assessment

As a reliable outstanding optoelectronics and biomedical materials enterprise, we insist on high-quality products and pursue sustainable development, while increasing our attention to concern people and the environment. We assume our social responsibility for employees, consumers, communities, and the environment. To realize this commitment, we regularly identify employees' occupational safety and health risks and material environmental issues, regularly appoint third-party verification institutions to perform audits, and provide audit results to corporate clients as they are.

(3) Human rights risk mitigation measures:

Human rights concerns and specific measures are as follows:

A. Workplace health and safety

I. The Company has passed the audit and verification by the ISO14001 environmental management system, the ISO 45001 occupational safety and health management system, and the Taiwan Occupational Safety and Health Management Systems (TOSHMS), thereby providing a safe work environment to our employees.

II. We have breastfeeding rooms in place to take care of our employee' maternal needs and have employed full-time nurses to provide on-site labor health services in accordance with the Labor Health Protection Rules, while signing a contract with occupational physicians to provide labor health services.

III. We also provide all in-service employees with general health examination, prohibit unlawful discrimination, and ensures equal job opportunities.

IV. In accordance with the Employee Recruitment Management Regulations, our recruitment process and decisions will not be affected by various factors, such as race, religion, belief, gender, marital status or childbirth, age, political affiliation, nationality, disability, sexual orientation, zodiac signs, and blood types.

B. Prohibition of unlawful discrimination and provision of equal job opportunities

In accordance with the Employee Recruitment Management Regulations, our recruitment process and decisions will not be affected by various factors, such as race, religion, belief, gender, marital status or childbirth, age, political affiliation, nationality, disability, sexual orientation, zodiac signs, and blood types.

C. Prohibition of child labor

In accordance with the Employee Recruitment Management Regulations, we only recruit adults over the age of 18 in accordance with the Employee Recruitment Management Regulations, to ensure that we fulfill corporate social responsibility and comply with ethical standards.

D. Prohibition of forced labor

We shall not adopt any form of slavery nor coerce employees into involuntary labor.

E. Physical and psychological health and work-life balance

I. We have established a variety of clubs (such as gardening, badminton, cycling, health promotion, and photography) and provide appropriate subsidies to facilitate their operations. We encourage employees to participate in club activities so that they can bond through such activities.

II. In addition to the Mid-Autumn Festival barbecue activity, year-end party, family day to relax employees' body and mind, we have recreational facilities in place, including a library and a rhythm dance classroom; we also work with nearby fitness centers to provide more professional fitness coaches, courses, and equipment to employees.

III. In response to the pandemic prevention and control, we take measures to ensure employees' health and a safe workplace:

- Take body temperature every day and input the data file to ensure their health.
- Conduct weekly surveys to follow up on their health and contact history to ensure proper risk management.
- We require those who have suspected symptoms to work from home for quarantine and continue to follow up until their symptoms are relieved and they return to work.

(4) Human rights protection training

We offer occupational safety education and training to new employees and emergency response courses and occupational safety and health education and training per year; and send operators and supervisors in relevant hazardous operations and dangerous equipment operators to receive training for required times and hours as per applicable law and regulations. Also, we hold health promotion and awareness-raising events in cooperation with local health authorities. Human rights protection measures include:

A. New employee training

It includes prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, working hour management, humane treatment, and a healthy and safe work environment.

B. Workplace violence prevention

We hold awareness-raising events and make announcements to enable employees to be aware of their responsibility to help prevent illegal violence in the workplace in the process of performing their duties and disclose our complaint hotline to create a friendly work environment.

C. Occupational safety training

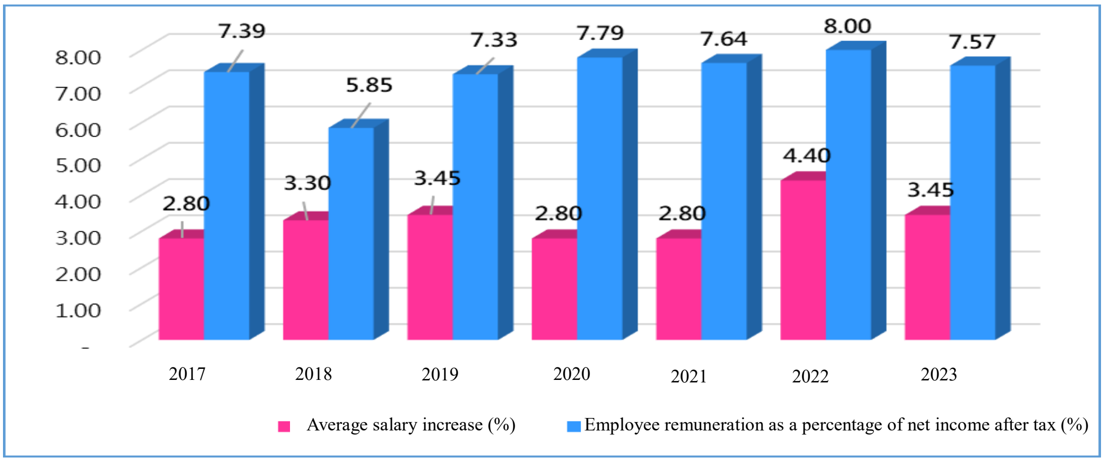
It includes health promotion awareness raising, labor safety and health and fire safety training, and first-aid personnel training.

2. Employee remuneration

(1) Employee remuneration mainly include base salary (including base salary and meal allowance), year-end bonus, and production and sales bonus. Salary is determined based on job responsibilities with reference to the salary standard in the market, the Company's financial position, organizational structure, and the employee salary standard and does not differ due to gender. The ratio of female's base salary to male's in the same position and at the same job level is one to one. The production and sales bonus is 20% of the quarterly profit to share the quarterly results with employees and motivate them at work. Salaries are related to years of service. The differences in ratios between females and males in different positions are attributable to different lengths of service. For employees in the same position with the same length of service, their salary does not differ by gender.

Average employee remuneration	2021	2022
Average employee salary	NT$948 thousand	NT$983 thousand
Average employee benefits	NT$783 thousand	NT$819 thousand
The average number of full-time employees who are not supervisors	NT$732 thousand	NT$793 thousand
The median of full-time employees who are not supervisors	NT$700 thousand	NT$751 thousand

(2) As per Article 28 of the Articles of Incorporation, if TTMC makes a profit for a year, the Board of Directors shall resolve a decision to distribute employee remuneration. In recent years, the percentage of the profit for employee remuneration and the average salary increase range are shown in the table below.



3. Employee benefit measures and implementation

(1) In addition to labor and health insurance, childbirth, disease, medical, and other benefits in accordance with labor and health insurance regulations, all employees of TTMC have an Employee Welfare Committee in place to regularly give out various gifts, education scholarships, and wedding and funeral allowances per year; hold birthday celebrations, employee travel, and other activities to relax employees' body and mind and improve the quality of life; facilitate the development of clubs for employees to bond (Colleagues are free to join the Iron Horse Club, Softball Club, Photography Club, Gardening Club, Health Care Club, etc.). In addition, the Company has a social hall and a dedicated parking lot, and provides park transportation vehicles and dormitories, and signed a contract with a nearby preschool to provide convenient childcare services. We also have breastfeeding rooms, a collection of books, and large indoor and outdoor parking spaces in place.

(2) The Company has long been concerned about fostering a friendly workplace environment for its employees. In accordance with the "Labor Standards Act" and the "Act of Gender Equality in Employment", it has stipulated menstruation leave, maternity leave, abortion leave, paternity leave, prenatal check-up leave and maternity protection regulations related to women's physiological characteristics, and has a system of unpaid parental leave, a lactation period and family care leave. In 2022, there were 2 employees who applied for unpaid parental leave, and their reinstatement rate reached 100%. Prenatal check-up leave and paternity leave are adjusted to seven days according to law, and the Company will provide salary payment for the extra two days; Colleagues ask for family care leave according to their needs; Employees raising children under the age of three can apply for childcare leave with one hour less working hours every day, while balancing work and life. In addition, the company's female colleagues and maternal employee health protection plan, detailed three, corporate governance operation situation (7) Promoting sustainable development implementation situation four, social issues (2) or employee care on the company's website.

(3) We regularly organize free health examinations for all employees per year and also arrange for employees in special operations to carry out special health examinations to safeguard their health. In addition to labor insurance and national health insurance, we purchase group insurance for each employee to provide them with additional protection.

4. Gender equality and diversity

(1) The Company has been awarded the "Promoting Gender Equality in Employment" by the Southern Taiwan Science Park Bureau, Ministry of Science and Technology in 2020, and continues to promote. The ratio of our male to female employees is five to one, the ratio of first-line male to female managers

or above is 9:2, and the ratio of middle male to female managers or above is 15:8, and the proportion of female managers is 26.09%, fully indicating our gender equality in the workplace.

Ratio of female supervisors in the past two years	% in 2021	% in 2022	% in 2023
Female proportion in total employees (%)	16.43%	16.43%	16.67%
Female proportion in all supervisors (%)	26.09%	26.09%	26.92%
Female proportion in top-level managers (%)	18.18%	18.18%	18.18%

(2) The company attaches great importance to the diversity of employees and employs employees with disabilities in accordance with the law. The number of employees exceeds the number stipulated in the Law on the Protection of Rights and Interests of Persons with Disabilities (2 employees are legally required to be employed, but 3 are actually employed. Persons with severe disabilities or above are employed in accordance with regulations. Every employee is employed. One person is counted as two persons). The nationality of the company's current employees is 100% of the Republic of China. We also accept various ethnic groups and respect their cultural customs. The current admission rate for people with disabilities is 1.44%. The number of employees under 30 years old accounts for 1.44%; the number of employees between 30 and 50 years old accounts for 80.77%; the number of employees over 50 years old accounts for 17.79%.

5. Human rights protection and on-the-job training

(1) In 2023, the company organized education and training on human rights-related issues (including courses on the practice of corporate social responsibility in human rights, prohibition of illegal infringement, anti-discrimination, labor safety education, health management and mental hygiene, etc.), with a total of 12 classes, totaling 176 person times, totaling approximately 199 hours.

(2) The Company takes long-term talent cultivation as its primary task, and according to the needs of organizations, departments and employees, in order to help employees improve and refine their knowledge and skills, establishes a career competency development plan, in addition to appropriate internal recruitment and rotation, and plans internal and external training plans, including newcomer training, professional advanced training, supervisor training, etc., in order to help colleagues continue to learn and grow through multiple learning methods, and introduce relevant training courses such as the importance of workplace ethics and ethical management concepts to cultivate their key competencies. In 2023, the total number of vocational training sessions was 2,353, with 4,231 person-hours, and the cost of vocational training was NT$131 thousand. We review and provide feedback during regular annual performance reviews to assist our employees in developing the best workplace competency plans and to strengthen the Company's human capital base accordingly.

(3) Although the company has not established a corporate trade union, employees are free to join the trade union. As of the end of 2023, 2 of the company's employees have joined the China steel trade union and 39 have joined the China Steel Corp. Group trade union. The trade union has not reported to the company so far. The request for negotiation of a group agreement was made, but the group agreement was not signed.

6. Retirement system and implementation

(1) To stabilize employees' life after their retirement, we have formulated labor retirement regulations in accordance with the law, established a Supervisory Committee of Labor Retirement Reserve, and regularly contribute to the retirement reserve equal to 2% of the total salary and wages per month; the reserve is deposited in an account with the Central Trust of China to protect workers' rights. We have also made a monthly contribution equal to 6% of the monthly salaries to the individual pension accounts since July 1, 2005 in accordance with the new scheme. Those who make additional contribution to their pension accounts voluntarily, we withhold amounts at a rate they select from their monthly salaries and contribute them to said accounts with the Bureau of Labor Insurance.

(2) The applicable regulations of the Labor Pension Act are as follows:

A. Voluntarily retirement:

An employee who is under any of the circumstances below may apply for retirement: (Those who elected to adopt the Labor Pension Act shall be subject to the same regulations)

a. Those who have worked for 15 years or more and have reached the age of 55.

b. Those who have worked for 25 years or more.

c. Those who have worked for 10 years or more and have reached the age of 60.

B. Mandatory retirement:

The Company shall not compel an employee to retire unless they fall under any of the circumstances below:

a. Those who have reached the age of 65.

b. Those who are psychologically or physically disabled and unable to work.

The age specified in subparagraph 1 of the preceding paragraph may be adjusted with the approval of the central competent authority if a worker is in a dangerous or manual job. However, the age cannot be lower than 55.

(3) Pension payment standards:

A. In the cases of the years of service before and after the Labor Standards Act was enforced, the choice to continue to adopt the scheme under the Labor Standards Act in accordance with the Labor Pension Act, or the years of service before the enforcement of the Labor Pension Act retained, the pension payment standards shall be subject to Articles 84-2 and 55 of the Labor Standards Act.

B. For employees with the length of service as in the preceding paragraph who are forced to retire in accordance with Article 35, paragraph 1, subparagraph 2, if their psychological or physical disability is caused by work, their pension shall increase by 20% as per Article 55, paragraph 1, subparagraph 2 of the Labor Standards Act.

C. For those to which the Labor Pension Act applies, we will make a monthly contribution equal to 6% of their monthly salaries to their individual pension accounts.

(4) Pension payment:

The Company shall pay the pension to each employees within 30 days from the date of their retirement.

(II) Losses suffered due to labor disputes in the most recent years and up to the publication date of this annual report, the estimated potential amount at present and in the future, and countermeasures: N/A.

Item	2023	January to February 2024
Date of punishment	None	None
Punishment document No.	None	None
Law violated	None	None
Content of law violated	None	None
Content of punishment	None	None

VII. Cyber security management

(I) Cyber security risk management framework, policy, specific management plans, and resources put in cyber security management

1. Cyber security risk and management

- The scope and purpose of cyber security

  Parties/Entities concerned: Employees, clients, suppliers and shareholders, as well as operation-related information software and hardware equipment.

  Scope: To ensure the Company's information security, we formulated rules and regulations, adopted technology and data security standards, and incorporated them into the management and operations system to protect employees', suppliers', and clients' privacy and information security during business dealings.

■ Cyber security risk management framework

To enhance the Company's stable operation and sustainable development, establish a complete risk management mechanism, and reasonably ensure that we achieve the Company's strategic goals, we have established a Risk Management Committee and formulated risk management policies and procedures in accordance with Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

The Risk Management Committee assists the board in fulfilling its risk management responsibilities and is responsible for reviewing various risk management issues. A Risk Management Task Force is set up under the Risk Management Committee to assist the committee in fulfilling its risk management responsibilities. The Risk Management Committee meets at least twice per year and reports to the board at least once a year.

The executive secretary of the task force is served by a first-line manager at the Administrative Management Department, and the members of the task force are the middle managers or above at each plant's departments. The task force is responsible for the overall risk management, including operational, financial, information security, environmental, compliance, and other risks.

Among them, information security risk management is conducted by the Information Section, Administrative Management Department (referred to Corporate Governance Report (1) Organizational System Chart). The section comprehensively manages the Company's information strategy planning, implementation, and management, optimizes the information system structure, enhances information management efficiency, and implements and regularly reviews and modifies information security systems and management measures.

2. Cyber security policy objectives

- Control information security risks, strengthen prevention, reinforce the information security structure and internal control, and ensure proper protection of information assets.
- Establish a complete management system to ensure the confidentiality and integrity of information assets.

- Establish an up-to-standard information security mechanism and regularly review and amend relevant operating regulations to comply with cyber security standards.
- Be commitment to integrating and managing all potential risks that may affect information security in proactive and cost-effective methods.

3. Specific cyber security management plans
   - Regularly assess the impact of man-made and natural disasters on the Company's information assets and formulate a recovery plan to ensure business continuity.
   - All employees of the Company as well as clients and suppliers who use or link with the Company's domain or computer systems should abide by the Company's information security regulations as required.
   - Regularly offer internal information security and information system training courses and require information personnel to actively participate in information security seminars to enhance their professional skills.
   - Regularly raise personnel's awareness of information security policies and offer information security education and training to increase employees' awareness of information security.
   - Announce any external major information security incidents by email and on the homepage of the Company's website, to remind employees of various types of information security threats and new threats to enhance their awareness of information security.
   - Enhance information security, prevent the leaks of trade secrets, and manage permissions for user accounts, changes of VPN firewall connection rules, USB/storage devices, and visitors' use of domains.
   - Regularly carry out relevant backup protection measures for the information system structure, such as off-site host backup, cloud, and on-premises data backup, and power backup; test the restoration of backup data and the backup power system per month; inspect and update the operating systems in real time to ensure the normal operations of the information systems and the reliability of data retained.
   - In accordance with the above policies, we regularly monitor subsidiaries' potential information security risks timely and take active measures to reduce potential harms.
4. Implementation of information security risk management

   We held two Risk Management Committee meetings and two meetings of the Risk Management Task Force during 2023 to review each unit's implementation of the information security policies; they reported to the Board of Directors on November 2, 2023. No incident that undermined information security occurred during the year. According to the "Guidelines Governing the Establishment of Internal Control Systems in TWSE/TPEx Listed Companies", in November 2022, a dedicated information security supervisor and qualified personnel were put in place, thus being implemented one year earlier than required.

▼Resources invested in cyber security management

Management countermeasures	Execution instructions
Upgrade business machine authentication and record management system	■The current core network switches are more than 10 years old and cannot handle the current company's network traffic. They have been compiled for the past three years and were originally intended to be replaced year by year. However, they were stopped due to the progress of the 5G AIOT project. This year's core switches If a malfunction occurs, repair is required. The original factory no longer supports maintenance and replacement is urgently needed. ■The worry of no warning failure after replacement has been solved..
There are 4 core network switches in Building AB	■The device has been in use for 15 years and has no network management function for active/passive defense management in case of anomalies, which is extremely risky. ■The above-mentioned defensive functions were enhanced after the replacement to reduce information security risks.
Update an HP SERVER	■The company has been replacing servers that have been used for more than 8 years. One server was updated last year, and the remaining one needs to be updated to ensure the stability of the above operating system. ■After the replacement, the system stability is improved to avoid system failures and reduce information security risks.
Surveillance system software replacement	■The original system is no longer maintained by the original factory, and system vulnerabilities cannot be patched. At the same time, it does not support new operating systems, which increases the risk of being hacked. ■After the update, the above problems have been solved and the risk of being hacked has been reduced.
Network Load Balancer Update	■The function of this device is to disperse the company's external network traffic and avoid congestion. It has been used for more than 10 years. It has crashed several times and needs to be replaced. When the failure occurs, all networks will be unable to connect to the outside world. At the same time, the original factory of the system is no longer maintained. There may be concerns about subsequent vulnerability patching and information security issues. ■The above problems have been solved after replacement.

Develop information security management system	■As there are a certain number of systems and devices that need to be managed and they are scattered on different systems, management becomes more difficult. In order to achieve effective management, this system was developed to improve visibility and prevent in advance through a single platform and interface. ■The development is currently going smoothly and is expected to be completed by the end of 2024.
Strengthen colleagues' information security awareness	■Promote information case examples every month to enhance colleagues' prevention awareness. ■Conduct internal penetration testing: In addition to reporting on their experiences, colleagues who have been successfully penetrated need to prepare a specific information security topic for company colleagues to teach colleagues to increase their vigilance and prevent being hacked.

5. Information security training and awareness-raising events:

In 2023, a cumulative total of 15 information security awareness-raising events per month was conducted; a total of 2 people (including the subsidiary) were successfully penetrated during two information security awareness-raising events, and in September, a total of 79 participants attended nine training sessions over three days to raise awareness on information security among colleagues; thus effectively improving employees' security awareness, the successful penetration rate has dropped from 3.6% to 1.8% year by year. The subsidiary held a training session in the same manner as the parent company, with a total of 19 participants.

▼Internal and external education training and awareness-raising events are listed below:

Internal/External training	Category of course	Number of people	Number of hours/people
External training	Smart network. New Thinking in Security Management Seminar	1	8
External training	Win maximum investment benefits with minimum MES construction cost	1	4
External training	cybersec 2023 Taiwan Information Security Conference	2	24
External training	The 10th Manufacturing CIO Forum Kaohsiung	1	4
External training	Join hands to protect unlimited security and create a security protection circle for enterprises in Southern Taiwan Seminar	2	4
External training	Visitor registration management system manager training	3	2
External training	Taiwan Fuji THE ONE POWER YOUR WORK	1	4
Internal training	2023 Internal training-1	69	1
Internal training	2023 Internal training-2	7	1
Internal training	2023 Internal training-3	3	1
External training	iPAS Industrial Smart Transformation Promotion Class-Information Security and Industrial Application Trend Class	1	8

(II) Specify the losses incurred due to major cyber security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated: N/A.

VIII. Important contracts:

The Company still has supply and marketing, technical cooperation, construction, long-term borrowing, and other important contracts, which are still valid or expired in the most recent year. They are listed as follows:

Nature of contract	Parties involved	Start and end dates	Main content	Restrictive covenants
Precious metals & forex trading	Company JS	2023.01.16~2024.01.09 2024.02.02~2024.05.26(Note 1)	Precious metal supply contract	None
Precious metals & forex trading	Company M	2021.11.30 (Note 2)	Precious metal supply contract	None
Land lease contract	Bureau in Southern Taiwan Science Park	2016.01.12–2027.05.31 (Note 3)	Lease of land in the park	None
Technical cooperation	China Steel Corporation	2022/07/01~2023/08/31	Core technology development for mass production of metal targets for semiconductors (Phase I project)	None
Technical cooperation	China Steel Corporation	2023/01/01~2023/12/31	Development of thermomechanical and diffusion bonding technology for tantalum targets for semiconductors	None
Technology licensing	Metal Industry Research and Development Center	2023/01/01~2023/12/31	Brass alloy and its manufacturing method	None

Note 1: The transactions between the Company and JS company is made on a case-by-case basis and may be extended upon expiration.
Note 2: The transactions between the Company and M company is mainly based on the supply contract signed on 2021.11.30, without a clear expiration date.
Note 3: Both parties may sign a new contract to extend the lease upon the end of the lease term as per the lease contract.

I. Condensed balance sheet and statement of comprehensive income as well as names and audit opinions of the CPAs in the most recent five years

(I) Information on condensed and consolidated balance sheet and statement of comprehensive income

1. Condensed and consolidated balance sheet

Unit: NT$ thousands

Item \ Year		Financial data for the most recent five years (Note 1)				
		End of 2019	End of 2020	End of 2021	End of 2022	End of 2023
Current assets		1,174,277	1,272,860	1,193,209	1,344,265	1,306,743
Property, plant and equipment		280,173	256,912	230,894	240,810	266,756
Intangible assets		171	43	354	212	1,406
Other assets		238,476	230,701	259,012	246,476	248,535
Total assets		1,693,097	1,760,516	1,683,469	1,831,763	1,823,440
Current liabilities	Before distribution	388,147	475,711	395,973	523,191	328,370
	After distribution	461,645	534,509	462,121	596,689	Note2
Non-current liabilities			118,734	123,530	114,376	299,416
Total liabilities	Before distribution	506,881	599,241	512,132	637,567	627,786
	After distribution	580,379	658,039	578,280	711,065	Note2
Equity attributable to owners of parent company		1,186,216	1,161,275	1,171,337	1,194,196	1,195,654
Share capital		734,980	734,980	734,980	734,980	735,012
Capital surplus		324,681	324,681	324,681	324,681	352,020
Retained (accumulated) Earnings (losses)	Before distribution	130,873	105,064	115,336	133,949	103,972
	After distribution	57,375	46,266	49,188	60,451	Note2
Other equity		(4,318)	(3,450)	(3,660)	586	4,650
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,186,216	1,161,275	1,171,337	1,194,196	1,195,654
	After distribution	1,112,718	1,102,477	1,105,189	Note 2	Note2

Note 1: The data above has all been audited by CPAs.
Note 2: Not yet approved through resolution of shareholders' meeting.
Note 3: The Company's annual report was printed on February 29, 2024. Therefore, the latest financial information audited or reviewed by CPAs is the information at the end of 2023.

2. Condensed and consolidated statements of comprehensive income

Unit: NT$ thousand except for earnings per share, which is in NT$

Item \ Year	Financial data for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue, net	2,141,708	2,398,411	3,003,192	2,527,367	2,405,119
Gross profit	176,124	208,633	231,782	227,824	197,970
Operating income (loss)	21,591	70,121	92,693	84,886	48,052
Non-operating income and expenses	59,109	(9,666)	(5,438)	18,601	3,030
Net Income Before Tax	80,700	60,455	87,255	103,487	51,082
Net income of continuing operations in this period	118,924	47,325	70,311	82,003	39,568
Loss on discontinued operations	-	-	-	-	-
Net income for this period	118,924	47,325	70,311	82,003	39,568
Other comprehensive income for this period (net of tax)	(6,281)	1,232	(1,451)	7,004	8,017
Total comprehensive income for this period	112,643	48,557	68,860	89,007	47,585
Net income attributable to owners of parent company	118,924	47,325	70,311	82,003	39,568
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	112,643	48,557	68,860	89,007	47,585
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (Note 2)	1.62	0.64	0.96	1.12	0.54

Note 1: The data above has all been audited by CPAs.

Note 2: It was calculated with the weighted average number of issued shares after retrospective adjustment for the year.

Note 3: The Company's annual report was printed on February 29, 2024. Therefore, the latest financial information audited or reviewed by CPAs is the information at the end of 2023.

(II) Information on condensed and parent company only balance sheet and statement of comprehensive income

1. Condensed and parent company only balance sheet

Unit: NT$ thousands

Item \ Year		Financial data for the most recent five years (Note 1)				
		End of 2019	End of 2020	End of 2021	End of 2022	End of 2023
Current assets		1,143,021	1,179,964	1,108,084	1,176,226	1,164,697
Property, plant and equipment		198,187	183,541	167,369	185,075	220,758
Intangible assets		171	43	354	212	1,406
Other assets		245,969	257,159	295,305	294,032	287,788
Total assets		1,587,348	1,620,707	1,571,112	1,655,545	1,674,649
Current liabilities	Before distribution	285,336	338,820	286,443	349,770	182,255
	After distribution	358,834	397,618	352,591	Note 2	Note 2
Non-current liabilities		115,796	120,612	113,332	111,579	296,740
Total liabilities	Before distribution	401,132	459,432	399,775	461,349	478,995
	After distribution	474,630	518,230	465,923	Note 2	Note 2
Equity attributable to owners of the Company		1,186,216	1,161,275	1,171,337	1,194,196	1,195,654
Share capital		734,980	734,980	734,980	734,980	735,012
Capital surplus		324,681	324,681	324,681	324,681	352,020
Retained (accumulated) Earnings (losses)	Before distribution	130,873	105,064	115,336	133,949	103,972
	After distribution	57,375	46,266	49,188	Note 2	Note 2
Other equity		(4,318)	(3,450)	(3,660)	586	4,650
Treasury shares		-	-	-	-	-
Total equity	Before distribution	1,186,216	1,161,275	1,171,337	1,194,196	1,195,654
	After distribution	1,112,718	1,102,477	1,105,189	Note 2	Note 2

Note 1: The data above has all been audited by CPAs.

Note 2: Not yet approved through resolution of shareholders' meeting.

Note 3: The Company's annual report was printed on February 29, 2024. Therefore, the latest financial information audited or reviewed by CPAs is the information at the end of 2023.

2. Condensed and parent company only statement of comprehensive income

Unit: NT$ thousand except for earnings per share, which is in NT$

Item \ Year	Financial data for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue, net	1,994,819	2,166,976	2,744,818	2,288,609	2,221,090
Gross profit	163,819	152,269	183,670	186,454	175,631
Operating income (loss)	44,187	46,825	78,224	73,256	48,868
Non-operating income and expenses	36,513	13,630	9,031	30,231	2,214
Net Income Before Tax	80,700	60,455	87,255	103,487	51,082
Net income of continuing operations in this period	118,924	47,325	70,311	82,003	39,568
Loss on discontinued operations	-	-	-	-	-
Net income for this period	118,924	47,325	70,311	82,003	39,568
Other comprehensive income for this period (net of tax)	(6,281)	1,232	(1,451)	7,004	8,017
Total comprehensive income for this period	112,643	48,557	68,860	89,007	47,585
Earnings per share (Note 2)	1.62	0.64	0.96	1.12	0.54

Note 1: The data above has all been audited by CPAs.
Note 2: It was calculated with the weighted average number of issued shares after retrospective adjustment for the year.
Note 3: The Company's annual report was printed on February 29, 2024. Therefore, the latest financial information audited or reviewed by CPAs is the information at the end of 2023.

(III) Names and audit opinions of the CPAs in the most recent five years:

Year	Accounting firm	Name of CPA	Audit opinion
2019	Deloitte & Touche	Liu, Yu-Hsiang and Hsu, Jui-Hsuan	Unqualified opinion plus “Emphasis” paragraph
2020	Deloitte & Touche	Wang, Chao-Chun and Liu, Yu-Hsiang	Unqualified opinion
2021	Deloitte & Touche	Wang, Chao-Chun and Liu, Yu-Hsiang	Unqualified opinion
2022	Deloitte & Touche	Wang, Chao-Chun and Liu, Yu-Hsiang	Unqualified opinion
2023	Deloitte & Touche	Wang, Chao-Chun and Kuo, Lee-Yuan	Unqualified opinion

II. Analysis of financial data for the most recent five years:

(I) Consolidated financial analysis

Item		Analysis of financial data for the most recent five years (Note 1)				
	Year	2019	2020	2021	2022	2023
Financial structure	Debt ratio (%)	29.94	34.03	30.42	34.80	34.42
	Ratio of long-term capital to property, plant and equipment (%)	465.77	500.09	557.61	543.40	560.46
Solvency	Current ratio (%)	302.53	267.57	301.33	256.93	397.94
	Quick ratio (%)	146.89	137.29	128.51	85.22	169.55
	Interest earned ratio	8.15	7.02	11.22	11.83	4.00
Operating performance	Accounts receivable turnover (times)	7.00	7.96	8.49	8.48	9.41
	Average collection period (days)	52	46	43	43	39
	Inventory turnover (times)	3.39	4.01	4.89	3.20	2.94
	Accounts payable turnover (times)	183.43	112.85	88.57	84.29	115.84
	Average days in sales	2019	91	75	114	124
	Property, plant and equipment turnover (times)	6.36	8.93	12.31	10.72	9.48
	Total assets turnover (times)	1.30	1.38	1.74	1.43	1.31
Profitability	Return on total assets (%)	7.79	3.20	4.47	5.10	2.90
	Return on equity (%)	10.39	4.03	6.02	6.93	3.31
	Pre-tax income to paid-in capital (%)	10.98	8.22	11.87	14.08	6.94
	Profit margin (%)	5.55	1.97	2.34	3.24	1.64
	Earnings per share (NTD) (Note 2)	1.62	0.64	0.96	1.12	0.54
Cash flow	Cash flow ratio (%)	90.48	26.17	-	20.67	7.36
	Cash flow adequacy ratio (%)	263.76	201.13	155.84	75.41	82.02
	Cash reinvestment ratio (%)	16.19	2.59	-	2.05	-
Leverage	Operating leverage	13.49	4.63	3.89	4.26	6.47
	Financial leverage	2.10	1.17	1.10	1.13	1.55

Description of financial ratios, which increased or decreased by 20% or more, in the most recent two years:

1. Current ratio and quick ratio increased:
   The increase was mainly due to the reduction of inventory and hedging liabilities as a result of the adjustment of purchasing strategy and reduction of bank borrowings this year. However, the issuance of convertible bonds this year also resulted in the increase of bank deposits and long-term liabilities.
2. Decrease in interest cover, return on assets, return on equity, net income before tax to paid-in capital, net income ratio and earnings per share:
   The decrease was mainly attributable to the decrease in sales of targets in the first half of the year due to the downturn in the economy and the decrease in sales volume as a result of customers' destocking. The decrease was mainly attributable to the decrease in net income in the second half of the year as a result of the rebound in demand for orders, which was not as strong as in previous years, and the increase in foreign exchange losses in the fourth quarter of the year as a result of the sharp rise in the Taiwan dollar as a result of the U.S. dollar interest rate cut.
3. Increase in accounts payable turnover rate:
   The increase in payable turnover ratio was mainly due to the decrease in average payable due to the difference in payment period.
4. Decrease in cash flow ratio and cash reinvestment ratio:
   The decrease in cash flow ratio and cash reinvestment ratio was mainly attributable to the decrease in net cash generated from operating activities as compared to the same period of last year due to the decrease in end-user demand and the decrease in foreign exchange gains.
5. Increase in operating leverage:
   The decrease in operating leverage was mainly attributable to the slowdown in end-user demand, which resulted in lower production line productivity, as well as the increase in operating expenses due to the installation of additional information security-related protective measures and the promotion of research and development projects, which resulted in a decrease in operating income.
6. Increase in financial leverage: Increase in interest expense due to the issuance of convertible bonds this year.

Note 1: The data above has all been audited by CPAs.

Note 2: It was calculated with the weighted average number of issued shares after retrospective adjustment for the year.

Note 3: The Company's annual report was printed on February 29, 2024. Therefore, the latest financial information audited or reviewed by CPAs is the information at the end of 2023.

The calculation formulas for financial analysis are as follows:

(1) Financial structure

1. Debt ratio = Total liabilities/Total assets.
2. Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.

(2) Solvency

1. Current ratio = Current assets/Current liabilities.
2. Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
3. Interest earned ratio = Net income before tax and interest /Interest expenses in this period.

(3) Operating performance

1. Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
2. Average collection period (days) = 365/Accounts receivable turnover.
3. Inventory turnover = Cost of sales/Average inventory.
4. Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
5. Average days in sales = 365/Inventory turnover.
6. Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
7. Total asset turnover = Net sales/Average total assets.

(4) Profitability

1. Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
2. Return on equity = Profit or loss after tax/Average total equity.
3. Profit margin = Profit or loss after tax/Net sales.
4. Earnings per share = (Income or loss attributable to owners of parent company - Preference shares dividends)/Weighted average number of shares issued.

(5) Cash flow

1. Cash flow ratio = Net cash flows from operating activities/Current liabilities.
2. Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
3. Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

(6) Leverage:

1. Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
2. Financial leverage = Operating income/(Operating income - Interest expenses).

(II) Parent company only financial analysis

Item (Note 3)	Year	Analysis of financial data for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure	Debt ratio (%)	25.27	28.34	25.44	27.86	28.60
	Ratio of long-term capital to property, plant and equipment (%)	656.96	698.41	767.56	705.53	676.03
Solvency	Current ratio (%)	400.59	348.25	386.84	336.28	639.04
	Quick ratio (%)	226.39	188.77	182.53	112.26	274.60
	Interest earned ratio	15.68	13.97	19.97	18.97	5.42
Operating performance	Accounts receivable turnover (times)	6.70	8.33	9.36	8.83	10.01
	Average collection period (days)	54	44	39	41	36
	Inventory turnover (times)	3.76	4.35	5.31	3.41	3.13
	Accounts payable turnover (times)	263.49	469.94	411.85	244.32	222.25
	Average days in sales	97	84	69	2018	117
	Property, plant and equipment turnover (times)	9.37	11.35	15.64	12.99	10.95
	Total assets turnover (times)	1.32	1.35	1.71	1.41	1.33
Profitability	Return on total assets (%)	8.18	3.18	4.63	5.36	2.93
	Return on equity (%)	10.39	4.03	6.02	6.93	3.31
	Pre-tax income to paid-in capital (%)	10.98	8.22	11.87	14.08	6.94
	Profit margin (%)	5.96	2.18	2.56	3.58	1.78
	Earnings (losses) per share (NT$) (Note 2)	1.62	0.64	0.96	1.12	0.54
Cash flow	Cash flow ratio (%)	77.21	26.93	-	26.95	3.05
	Cash flow adequacy ratio (%)	352.69	187.21	124.16	57.80	58.45
	Cash reinvestment ratio (%)	9.82	0.92	-	1.40	-
Leverage	Operating leverage	6.42	5.82	4.04	4.33	5.82
	Financial leverage	1.14	1.11	1.06	1.09	1.31

Description of financial ratios, which increased or decreased by 20% or more, in the most recent two years:

1. Current ratio and quick ratio increased:
   The increase was mainly due to the reduction of inventory and hedging liabilities as a result of the adjustment of purchasing strategy and reduction of bank borrowings this year. However, the issuance of convertible bonds this year also resulted in the increase of bank deposits and long-term liabilities.
2. Decrease in interest cover, return on assets, return on equity, net income before tax to paid-in capital, net income ratio and earnings per share:
   The decrease was mainly attributable to the decrease in sales of targets in the first half of the year due to the downturn in the economy and the decrease in sales volume as a result of customers' destocking. The decrease was mainly attributable to the decrease in net income in the second half of the year as a result of the rebound in demand for orders, which was not as strong as in previous years, and the increase in foreign exchange losses in the fourth quarter of the year as a result of the sharp rise in the Taiwan dollar as a result of the U.S. dollar interest rate cut.
3. Cash flow and cash reinvestment ratios decreased:
   The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decline in end-user demand and the decrease in foreign exchange gain, which resulted in a decrease in net cash generated from operating activities compared to the same period of last year.
4. Increase in operating leverage:
   The decrease in operating leverage was mainly attributable to the slowdown in end-user demand, which resulted in lower production line productivity, as well as the increase in operating expenses due to the installation of additional information security-related protective measures and the promotion of research and development projects, which resulted in a decrease in operating income.
5. Increased financial leverage:
   Increase in interest expense due to the issuance of convertible bonds this year compared to the same period last year.

Note 1: The data above has all been audited by CPAs.
Note 2: It was calculated with the weighted average number of issued shares after retrospective adjustment for the year.
Note 3: Please refer to II. (I)Analysis of consolidated financial data for the financial analysis calculation formulas.
Note 4: The Company's annual report was printed on February 29, 2024. Therefore, the latest financial information audited or reviewed by CPAs is the information at the end of 2023.

III.Audit Committee’s Review Report of the most recent annual financial report: Please refer to page122 of this annual report for details.

IV. The CPA’s statement of independence for the most recent year: Please refer to page123 of this annual report for details.

V.The CPA’s audit report as well as financial statements and notes or tables for the most recent year: Please refer to Appendix I.

VI. The consolidated financial statements of the parent and subsidiaries that have been audited and certified by a CPA for the most recent year: Please refer to Appendix II.

VII. Influence of any difficulty with financial solvency of the Company and its affiliate on the Company’s financial position in the most recent year and up to the publication date of this annual report: None.

VIII.Private placement of securities in the most recent year up to the publication date of this annual report: None.

IX. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report: None.

Attachment

ThinTech Materials Technology Co., Ltd.
Audit Committee's Review Report

The Board of Directors prepared the 2023 parent company only and consolidated financial statements, a statement of earnings distribution, and a business report, among which the parent company only and consolidated financial statements have been audited by Wang, Chao-Chun and Kuo, Lee-Yuan, CPAs at Deloitte & Touche, by whom an audit report, along with an unqualified opinion, has been issued. We have reviewed said documents and did not find any misstatement and hereby issued a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:
2024 Annual General Shareholders' Meeting,

ThinTech Materials Technology Co., Ltd.

Convener of the Audit Committee:

Liang, Su-Mei

February 16, 2024

Deloitte.

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December 29, 2023 Chin-Kao No. 11201377

Receipt: ThinTech Materials Technology Co., Ltd.

Subject: The firm was entrusted to audit your company's financial statements for 2023. In accordance with the provisions of "CPA professional and ethical guideline bulletin No.10 Integrity, Justice, Objectivity and Independence" of National Federation of CPA Associations of the R.O.C., members of the audit team declare that they have complied with the following guidelines and have not violated their independence.

Description:

I. The audit team members and their spouses and dependents do not fall under any of the circumstances below:
   (I) Have direct or indirect material financial interest in your company.
   (II) Engage in business dealings with your company or your directors, supervisors, or managers that undermine their independence.

II. Hold a position as a director, supervisor, or manager at your company or a position with direct or significant influence on your company's audit work during the audit period.

III. Are spouses, lineal relatives by blood, lineal relatives by marriage, or lineal relatives by blood within the second degree of kinship of any directors, supervisors, or managers at your company.

IV. Accept gifts or gifts of great value from your company or your directors, supervisors, managers, or major shareholders (the value of such gifts exceeds the standard of social etiquette).

V. All audit team members have implemented the necessary independence/conflict of interest procedures, and we did not discover any violations of independence or unresolved conflicts of interest.

Deloitte & Touche

CPA Wang, Chao-Chun

CPA Kuo, Lee-Yuan

I. Financial position

(I)Comparation and analysis table of financial position

Unit: NT$ thousands

Item \ Year	End of 2023	End of 2022	Increase/Decrease amount	Increase/Decrease (%)
Current assets	1,306,743	1,344,265	(37,522)	(2.79)
Property, plant and equipment	266,756	240,810	25,946	10.77
Intangible assets	1,406	212	1,194	563.21
Other assets	248,535	246,476	2,059	0.84
Total assets	1,823,440	1,831,763	(8,323)	(0.45)
Current liabilities	328,370	523,191	(194,821)	(37.24)
Non-current liabilities	299,416	114,376	185,040	161.78
Total liabilities	627,786	637,567	(9,781)	(1.53)
Share capital	735,012	734,980	32.00	0.00
Capital surplus	352,020	324,681	27,339	8.42
Retained earnings	103,972	133,949	(29,977)	(22.38)
Other equity	4,650	586	4,064	694
Non-controlling interests	-	-	-	-
Total shareholders' equity	1,195,654	1,194,196	1,458	0.12

1.Description of the items with a significant change (increase or decrease by 20% or more compared with the prior period with the change amounting to NT$10 million):

(1) Decrease in current liabilities:

The decrease in current liabilities was mainly due to the decrease in hedging liabilities as a result of the adjustment of procurement strategy and the reduction in the number of borrowing positions this year.

(2) Increase in non-current liabilities:

The increase in non-current liabilities was mainly due to the issuance of $200 million of three-year secured convertible bonds this year.

(3) Decrease in retained earnings:

The decrease in retained earnings was mainly due to the decrease in sales of target materials in the first half of the year as a result of the downturn in the economy, the decrease in sales of target materials as a result of customers removing inventory, the decrease in demand for orders in the second half of the year as compared to the previous years, and the increase in foreign exchange loss in the fourth quarter due to the fermentation of the US Dollar interest rate cuts and the sharp increase in Taiwan dollar.

2. Impact of significant changes on the Company: The above changes in assets, liabilities, and shareholders' equity did not cause any significant impact on the Company.

II. Financial performance

(I)Comparison and analysis table of financial performance

Unit: NT$ thousands

Year/Item	2023		2022		Increase/Decrease amount	Increase/ Decrease (%)
	Subtotal	Total	Subtotal	Total		
Net operating revenue		$2,405,119		$2,527,367	($122,248)	(4.84)
Operating cost		2,207,149		2,299,543	(92,394)	(4.02)
Gross profit		197,970		227,824	(29,854)	(13.10)
Operating expense		149,918		142,938	6,980	4.88
Operating income		48,052		84,886	(36,834)	(43.39)
Non-operating income and expenses		3,030		18,601	(15,571)	(83.71)
Interest income	$5,476		$1,272		4,204	330.50
Other income	21,402		12,992		8,410	64.73
Other gains and losses	(7,903)		12,937		(20,840)	(161.09)
Financial costs	(16,996)		(9,546)		(7,450)	78.04
Share of profit on affiliates recognized using the equity method	1,051		946		105	11.10
Net income before tax		51,082		103,487	(52,405)	(50.64)
Income tax expense		11,514		21,484	(9,970)	(46.41)
Net income for this period		$39,568		$82,003	(42,435)	(51.75)

1、Description of the items with a significant change (increase or decrease by 20% compared with the prior period with the change amounting to NT$10 million.

(1) Decrease in operating income:

The decrease in operating income was mainly due to the slowdown in demand from end-users, which resulted in lower production line productivity, as well as the increase in overall operating expenses due to the installation of information security-related protective measures and the promotion of research and development projects.

(2) Other losses increased:

The main reason was the increase in foreign exchange loss due to the sharp rise of Taiwan dollar in the fourth quarter as a result of the US dollar interest rate cut.

2. Estimated sales volume in the following year and the basis:

Since the beginning of this year, the global economy has been affected by multiple unfavorable factors such as the continuation of international inflation and interest rate pressures, the Russian-Ukrainian war, the slowdown of the Chinese economy, the resurgence of the U.S.-China technological disputes, and the impact of climate change, resulting in a decline in the global investment dynamics and the downturn of the economic climate, and the impact of the economic downturn on Taiwan's industries, with adjustments to the inventory of the panel industry and the electronics industry, and the lowering of the end-demand, which resulted in a less-than-anticipated recovery of the economic climate, resulting in a decrease in the Company's earnings compared to the same period last year. As a result, the Company's profit performance was lower than the same period last year.

In order to cope with the severe test of the macro-environment, the Company actively optimized its product portfolio, developed niche products, and promoted investment in semiconductor target production equipment and production capacity, which is expected to be put into mass production in fiscal year 2024, in line with the Company's business objectives, internally, the development of digital transformation of manufacturing and expansion of the foundry business, and externally, through the power of Taiwan's economic recovery, to increase the ratio of demand for semiconductors and panels, and continue to improve the three new products (new products, new applications, and new customers), and to continue to increase the three new products (new products, new applications, and new customers), New products, new applications, and new customers will be the focus of the Company's growth.

In addition, at the shareholders' meeting held on June 16, 2023, the shareholders approved a proposal to acquire 70% of the shares of Changzhou Zhongshan Steel Precision Forging Materials Co. This merger will not only strengthen the upstream and downstream integration of targets and special alloys, but also expand product application areas and achieve more stable utilization of raw materials, production capacity and resources, thus enhancing overall operational performance and long-term competitiveness.

III. Cash flow analysis

(I) Analysis of changes in cash flows

Unit: NT$ thousands

Item \ Year	2023 (A)	2022(B)	Increase (decrease) i.e. changes in amount (A)-(B)
Operating activities	24,167	108,164	(83,997)
Investing activities	(170,617)	(19,835)	(150,782)
Financing activities	105,020	(1,401)	106,421
Total	(41,430)	86,928	(128,358)

Analysis of changes in cash flows:

1. Operating activities: The decrease in operating activities was mainly due to the decrease in profit as a result of the impacts of market conditions and foreign exchange rate fluctuations.
2. Investment activities: Mainly due to the increase in fixed deposits with maturity over three months.
3. Fund-raising activities: Mainly due to the issuance of NT$200 million of three-year secured convertible bonds this year.

(II) Liquidity analysis

Unit: %

Item \ Year	2023	2022	Increase (decrease) %
Cash flow ratio	7.36	20.67	(64.39)
Cash flow adequacy ratio	82.02	75.41	8.77
Cash reinvestment ratio	-	2.05	(2.05)

Analysis of the increase or decrease (%) (increase or decrease by 20% compared with the prior period):

The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in net cash generated from operating activities as compared to the same period of last year due to the decrease in end-user demand and the decrease in foreign exchange gains.

(III) Analysis of cash flow in the coming year

Unit: NT$ thousands

Opening balance of cash	Estimated full-year net cash flow from operating activities	Estimated full-year net cash flow from investing and financing activities	Estimated cash flow surplus (deficit) amount	Remedial measures for estimated cash flow deficit	
				Investment plan	Financial management plan
156,980	48,207	(755,093)	(549,906)	-	Note

Note：The net cash outflow from investing and financing activities was mainly due to the acquisition of Changzhou Zhongshan Steel Precision Forging Co., Ltd. and the application for medium-term banking facilities. If the available bank borrowings are added back, it is expected that the cash balance on the balance sheet will remain positive.

IV. Impact of major capital expenditures on financial business in the most recent year:

Due to new product development, the Company intends to construct 2 sets of turning and milling equipment, 1 hot press equipment, 1 warm rolling equipment, 1 heating furnace, and 1 ultrasonic cleaning equipment (to be purchased when the production capacity is confirmed). As of December 2023, the Company has paid $78 million for the equipment, and the unpaid amount of the contracted equipment was approximately $13 million. The capital expenditure for this production plan is estimated to be about $120 million, with an internal rate of return (IRR) of about 10.75% based on a ten-year period, a net present value of about $28.77 million, and a payback period of seven years.

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

(I) Investee policy:

Based on factors such as operational needs or future growth considerations, the Company draws up an investment plan and evaluates the organization, investment objectives, location, market conditions, business development, and financial condition of the reinvested property, and makes investment appraisal recommendations for management to use as a basis for making investment decisions. In addition, the Company has established "Procedures for the Acquisition or Disposal of Assets" and "Regulations for the Supervision and Management of Subsidiaries" to monitor the financial and business conditions of the investee companies, to review and supervise the subsidiaries' procedures for major financial and business issues, and to establish a mechanism for the management of the subsidiaries' operating risks in order to maximize their operating performance.

(II) The main reasons for profit or loss, improvement plan and investment plans:

December 31, 2023; Unit: NT$ thousands

Investee	Combined shareholding	Recognized investment loss for 2023	Main reason for profit or loss	Improvement plans
TaicangThintech Material Co., Ltd.	100%	(6,889)	The operating loss of Hsin Chong for 2023 is stated as follows: 1. Price cuts by China's major domestic factories reduced the sales volume of tube target products. 2. Organizational flattening and manpower adjustment, resulting in increased costs of capital expenditure. 3. China's real estate market affected the economy, resulting in a significant decline in the panel market for the manufacturing industry and a decrease in order revenue. 4. Raw material costs and manufacturing costs continue to rise due to the unfavorable factors of inflation.	In 2024, Hsin Chong's operational highlights are as follows: 1. Localization of raw material supply: Continuing to purchase high-purity aluminum and copper target materials locally in China to reduce material costs and strengthen quality management. 2. Semiconductor target market expansion: Increase sales of copper targets and stainless steel targets for semiconductor packaging, and continue to expand other applications of semiconductor targets in line with the development process of our parent company. 3. Expansion of foundry and trading sales: Expanding foundry projects for nickel-based or other materials to integrate the Group's synergies and increase revenue and gross profit. 4. Organizational flattening to reduce labor costs; control production costs and marketing expenses. 5. Introducing seamless tube target manufacturing process to improve quality and reduce import costs, and to strengthen technology research and development capabilities. 6. Enhance the business of obtaining high-margin target orders during the peak season every year.

(III) Investment plan for the following year:

In addition to the ongoing investment in China Steel Precision Materials, the Company will continue to use ESG as a starting point for evaluating issues such as climate change, energy conservation, carbon reduction, and sustainable development, as well as the principle of developing long-term strategic investments in targets, semiconductors, and specialty alloys in the Company's industry, which will be carefully evaluated and finalized by management in light of the development of the industry and the needs of the Company, and then submitted to the Board of Directors for approval.

VI. Risk management

(I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit or loss and future countermeasures

Item	The impact profit or loss	2023	2022	The impact on the Company and future countermeasures
Interest rate movement	Consolidated net interest income (expense)/Consolidated net income (loss) before tax	-23%	8%	The Company continues to maintain a low debt ratio to avoid the potential adverse effects of interest rate movement. Therefore, interest rate movement will not cause a significant impact on our future profits and losses. In the future, we will also pay attention to the movement of interest rates in the market at any time, evaluate and adjust the loans and counterparties where appropriate, and continue to negotiate with banks to obtain more favorable loan interest rates and reduce interest expenses.
Exchange rate movement	Consolidated net exchange gain (loss)/Consolidated net income (loss) before tax	-12%	18%	The Company collects exchange rate movement information in real time, keeps abreast of exchange rate trends, judges the exchange rate movement, and adopts risk hedging strategies for forward exchange in a timely manner; the investee in China adopts functional currency financing to avoid exchange rate fluctuation risks and reduce the impact of exchange rate movements on the Company's profit or loss, thereby effectively controlling the risk of exchange rate fluctuations.
Inflation	The Company's main raw materials are precious metals imported from abroad, so the production cost is closely associated to the international metal price. We observe the price fluctuations in the international metal market in real time and maintain positive interaction with suppliers to stabilize the sources of materials, while signing long-term supply contracts and actively improving the recycling process to increase the turnover of raw materials. Also, the sales personnel will adjust the prices depending on the costs in a timely manner as per the market supply and demand.			

(II) The policy on engagement in high-risk and highly leveraged investment, loans to others, endorsements/guarantees provided, and derivatives trading, the main reason for profit or loss, and countermeasures

1. The policy on engagement in high-risk and highly leveraged investment, the main reason for profit or loss, and countermeasures

   We have formulated and followed the Procedures for Asset Acquisition and Disposal. With the philosophy of stable operations, we focus on our core business and stay pragmatic, so we did not engage in high-risk and highly leveraged investments in the most recent year and up to the publication date of this annual report.

2. The policy on loans to others and endorsements/guarantees provided, the main reason for profit or loss, and countermeasures

   We have formulated the Operating Procedures for Endorsements and Guarantees and the Operating Procedures for Loaning of Funds to others, which clearly specify relevant policies and measures to reduce risks and protect shareholders' rights and interest. Such procedures have been passed by the resolution of the shareholders' meeting, and we implemented them as required. We approved the loan and endorsement/guarantee amount to the investee in the most recent year and up to the publication date of this annual report, and the amount was drawn in 2023. In the future, we will continue to control the drawdown and affiliates' working capital.

3. Engaging in derivatives trading

   We engaged in the derivatives trading in the most recent year and up to the publication date of this annual report in accordance with the Company's Procedures for Asset Acquisition and Disposal, all for the purpose of hedging.

(III) Future R&D plans and estimated R&D expenses:

Unit: NT$ thousands

Item	Current progress	Estimated additional investment in R&D	Estimated completion time	Purposes
Development of high-purity titanium/aluminum alloy/copper targets (evaporation materials) for semiconductors	The semiconductor targets are an important five-year strategic new product of TTMC, and we have completed the development and manufacturing process technology establishment of some targets/evaporation materials for semiconductor packaging and wafer thinning industries.	10,000	2024 Q4	Improve the targets thermomechanical treatment/enhance manufacturing process technology, enter the semiconductor target market field, and expand product categories.
Diffusion bonding Equipment Planning	Process parameterization has been completed for small size labs.	5,000	2024 Q4	Equipment planning and process parameter optimization for mass production planning.
Process Optimization and Refinement of Nickel-Based Specialty Alloy Sheet Manufacturing Processes	Completed the development of the Group's comprehensive nickel-based specialty alloy sheet and became a qualified supplier.	5,000	2024 Q4	Continuous optimization of manufacturing process parameters to enhance product price/performance ratio and competitiveness.
Recycling of raw materials	Completed basic research on regeneration by vacuum melting of residual targets.	5,000	2024 Q4	Avoiding the problem of material shortage and creating an economic cycle and application at the same time.

(IV) The impact of important policies and legal changes at home or abroad on the Company's financial business and countermeasures

1. IECQ officially announced the new version of IECQ QC080000:2017 system on May 12, 2017. The high-level management structure is adopted as the standard structure, the same structure adopted in the ISO 9001: 2015 system. We have formulated clear management regulations on the relevant processes for raw material management, supplier management, production process control, and hazardous substance control on the basis of the existing quality management system in July 2018, which have passed international verification; no significant impact was caused on the Company's financial business.
2. Regarding the implementation of the EU RoHS II and REACH, the Council of the European Union disclosed the 29th batch of 235 substances of very high concern on June 14, 2023. In response, we produced products as per orders and in compliance with the RoHS II standards and provided relevant test reports and non-use guarantees. To comply with the RoHS II standards, we paid only a small testing fee. Therefore, the implementation of RoHS II did not have a major adverse effect on the Company's financial business.
3. International carbon control measures

   In recent years, various countries have been planning carbon reduction related policies, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), the U.S. Clean Competition Act (CCA), and Taiwan passed the addition of a carbon fee levy mechanism to the Climate Change Response Act in early 2023.

   In response to the demands of the relevant regulations, the Company has established a product carbon intensity actuarial system based on the framework of the existing costing system to calculate the actual carbon emissions of each process, production line, and product, which can satisfy the carbon control declaration and customers' demand for low-emission products, and facilitate the selection of the lowest-emission production paths. In addition, the Company continues to develop and introduce low/zero carbon technologies and adopt feasible carbon reduction programs to gradually achieve short-, medium-, and long-term carbon reduction goals, to mitigate the impact of international carbon control measures on the Company, and to achieve the vision of sustainable development.

   The Company is not yet a target of the European Union's Carbon Boundary Adjustment Mechanism (CBAM) and the Climate Change Act's carbon fee, but we will continue to collect international experience in carbon pricing, pay close attention to the Environmental Protection Agency and the Ministry of Economic Affairs, etc., and assess the impact of the amendments to the sublaws of the Climate Change Act, and plan for measures to address the impacts of the amendments.
4. Large Power Consumption Clause in the Renewable Energy Development Ordinance

   The Legislative Yuan announced the amendment to the Renewable Energy Development Ordinance (REDO) in May 2008, and its sub-law, "Regulations Governing the Installation of Renewable Energy Power Generating Facilities for Electricity Consumers with Contracted Capacities Above a Certain Amount" (the "Large-scale Electricity Users Clause") came into effect on January, 2021, which requires that large-scale electricity users should install renewable energy power generating facilities with a contracted capacity above 10% of their contracted capacity of the previous year, and fulfill the obligation no later than 5 years later. The Company's contracted capacity is only 1,850 kilowatts but not 5,000 kilowatts, so it is not subject to the large-scale user clause of the Renewable Energy Development Ordinance.

In response to the government's policy of promoting solar power, the Company, in line with China Steel's parent company's active development of green energy and in response to the government's policy of promoting solar power, has leased the roof of the Xinke factory from China Steel Photovoltaic for the construction of a 347.76kWp rooftop solar power generation facility, which has started to operate since September 11, 2008, to meet the demand for renewable energy of the Group's large-scale power users, and to minimize the impact on the Group's operations.

(V) The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures:

1. The influence of changes in technology and the industry on the Company's financial business and untermeasures:

Backed by China's huge domestic panel market, the world's top three panel industries are all in China. The domestic panel industry is facing the challenges of rapid capacity expansion in China and oversupply in the global market. The old-generation panel production lines cannot be filled due to limited applications, and the capacity area of the old-generation G3.5 is only half of that of the G5, which makes the production competitiveness low and uneconomical. In response to the rise of AI and the trend of wafer miniaturization, fan-out packaging technology has become the mainstream of the market. Because the old production lines of panels can be adapted to the development of semiconductor packaging products and have a cost advantage, Taiwan panel makers are transforming under the opportunity of industrial transformation and upgrading. For example, Chun Chong Optoelectronics firstly put forward the unprecedented concept of "Panel Semiconductor", which is highly integrated with the advanced packaging technology of wafers, and promotes the mutual benefits of the panel and semiconductor industries. In addition, in recent years, the world has entered the era of IoT, 5G, green energy, and electric vehicles, which has unveiled the prelude to a new era of second- and third-generation semiconductors, and the related materials have also undergone subtle changes. In response to 5G high-frequency applications and to meet the demand for high-voltage, high-current, and high-efficiency energy conversion for green energy and electric vehicles, Wide Band Gap (WBG) semiconductors such as Gallium Nitride (GaN) and Silicon Carbide (SiC) are emerging as market favorites, ushering in a new era of third-generation semiconductors.

Under the competition of material development, Taiwan's semiconductor industry will have a new layout and development of second and third generation, traditional silicon, and panel transformation and upgrading. Therefore, in addition to accelerating the development of manufacturing processes, strengthening technology and service response, the Company has been actively engaged in technology marketing to grasp the market pulse and actively develop new customers, new applications, but also focus on expanding the domestic and international markets, and panel customers to cooperate with the transformation and upgrading of the material demand, strengthen product quality, and to differentiate technology, manufacturing and service, the implementation of sustainable business operations, enhance the Company's operating results. In view of the Company's operating results in recent years, the changes in semiconductor technology and the panel industry and industry changes, has not yet resulted in a significant impact on the Company's financial business in the short term, but taking into account the trend of changes in the panel industry, it is necessary to carry out the Company's industrial layout and process technology upgrades early.

2. The impact of the Russia-Ukraine war, Israeli-Palestinian Conflict, geopolitics and inflation on the Company (revenue, finance, and human resources)

The risk assessment of global inflation on the Company's operations has been included in the Risk Management Committee's assessment of the risk of the supply chain of key raw materials (please refer to Chapter 3, Corporate Governance - Operation of the Risk Management Committee), and as the inflation indicator has continued to slow down, the Company's operations up to the date of the annual report have not been affected by the Company's revenues, finances, and personnel.

(VI) The influence of a change in corporate image on corporate crisis management and countermeasures

The Company has been law-abiding, honest, and fulfilling our environmental responsibilities and established a corporate image of being pragmatic, contributing to society, and fulfilling social responsibilities. In the most recent year and up to the publication date of this annual report, there has been no change in our corporate image, causing a significant impact on the Company.

(VII) Estimated benefits and potential risks of M&A and countermeasures

On June 16, 2023, the shareholders' meeting approved to acquire 70% of the equity of Changzhou China Steel Precision Material Co., Ltd. This investment consolidation will not only strengthen the upstream and downstream integration of targets and special alloys, but also expand the application areas of the products and obtain more stable utilization of raw materials, production capacity and resources, so as to enhance the overall operational performance and long-term competitiveness, and continue to improve the Company's overall operational performance and shareholders' interests.

In response to the global ESG trend toward low-carbon and green production, we have gradually implemented various improvement measures in accordance with the plan to reduce carbon emissions. In addition, since sales are concentrated in the China market, in line with the Group's business strategy of integrating resources, expanding the application areas of our products, and diversifying operational risks, we are developing our business in a diversified manner, with the intention of expanding from the China market to the Taiwan market, and then to the Southeast Asia, Northeast Asia, and U.S. markets, in order to diversify the risks of geopolitics. We intend to expand from China to Taiwan, and then to Southeast Asia, Northeast Asia and the United States, so as to diversify geopolitical risks.

(VIII) Estimated benefits and potential risks of plant expansion:

We did not have such a plan in the most recent year and up to the publication date of this annual report.

(IX) Risks of supplier or client concentration:

1. Purchases

The Company mainly engages in the production and sales of various thin-film sputtering targets, precious metals, and other products. The main raw materials are silver, copper, aluminum, molybdenum, and titanium, and we mainly supply our products to clients in Taiwan, China, Germany, and Japan. In addition, we work with several suppliers for the main raw materials at the same time to ensure the stability and flexible of the supply. Overall, we have maintained long-term and positive collaborative partnerships with our suppliers for many years, so there has been no shortage of raw materials or interruption of supply. In short, our supply sources are stable without any major adverse events in business development caused by shortage of raw materials.

2. Sales

The main application fields of the Company's products include photorecording medium, functional coatings, flat-panel displays, lead-free solders, front-end semiconductor processes, and special alloys.

As per the data in the standalone financial reports for the most recent two years, the sales of the processed precious metals accounted for 69% and 66% of our total sales for 2023 and 2022, respectively. However, as precious metals are products with high unit prices and a low gross profit, such products contributed only about 13.27% to the Company’s total gross profit. It indicates that although the sales amount in this field accounts for a very high percentage of the Company's total revenue, it is not our main source of profit; thus, it has not caused a risk of client concentration.

To avoid the client concentration risk, the countermeasures adopted in the industry and the client aspects are as follows:

(1) In terms of industry: We sell a variety of products for different industries to diversify the sources of profit and investment risks and reduce the influence of the business cycle of a single industry.

(2) In terms of clients: We actively research and develop customized products and expand the domestic and overseas client base to diversify revenue sources, which also helps to reduce the risk of the influence of the business cycle of a single client.

(X) The influence of massive transfer or replacement of shares by the directors or shareholders each holding more than 10 % of the shares issued by the Company, the risk thereof, and countermeasures:

We did not have massive transfer or replacement of shares by the directors or shareholders each holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report; thus, it is not applicable.

(XI) The influence of change in the Company’s management right and the risk thereof

We did not have any change in the Company’s management right, affecting our operations, in the most recent year and up to the publication date of this annual report; thus, it is not applicable.

(XII) In the case of a court case or a non-contentious case, specify the names of the directors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, or subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders’ equity or stock price:

1. The Company: None.

2. In terms of directors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, or subsidiaries:

Prior to the merger of United Renewable Co.,, Company X leased its plant to Company DU, which later merged with Company Y and Company Z to form United Renewable Co.,. On October 27, 2017, DU was affected by a fire and claimed damages from United Renewable Co., In May 2019, the two parties reached a settlement of the amount owed by DU to United Renewable Co., However, EZ Bank, the mortgagor of DU's equipment, objected to the settlement and requested United Renewable Co., to pay the damages to DU, which is not allowed to offset its debts against its liabilities. United Renewable Co., assessed that its debt to DU and DU's claim to United Renewable Co., were legally offset, and therefore, there was no basis for the request of EZ Bank. The first trial court ruled that United Renewable Co., should pay EZ Bank $159,335,000, but United Renewable Co., argued that the judgment had a major flaw of not having a reason for the judgment, and both parties are currently in the process of the second trial. United Renewable Co., assessed that the outcome of the trial should not have a significant impact on

United Recycling's stockholders' equity or the price of its securities.

United Renewable Co., has disputes with FP and FQ over the issuance of insurance and maintenance contracts, etc. Arbitration proceedings are currently in progress, and United Renewable Co., assesses that the outcome should not have a material impact on United Renewable Co., shareholders' equity or the price of its securities.

Due to a dispute between Company Y and Company Z's supplier, Company G, before the merger of United Renewable Co., and Company CE, Company CE filed a claim against Company Y for $10,000 thousand and a claim against Company Z for subrogation of $60,480 thousand, with interest at 5% per annum, and Company X merged with Company Y and Company Z to form United Renewable Co., The first trial of this case ruled in favor of CE, and United Renewable Co., had already assessed and recorded the possible loss. However, United Renewable Co., still appealed against the judgment, and the second trial ruled in favor of United Renewable Co., in FY2021, but due to the doubt of the applicable laws, the Supreme Court remanded the case to the Superior Court and Taichung High Court for a more thorough review. United Renewable Co., assessed that the outcome should not have a material impact on United Regeneration's shareholders' equity or the price of its securities.

The above-mentioned case is a case of the legal person director United Renewal Company and has nothing to do with the Company. Therefore, the result will not have a significant impact on the Company's operations or shareholders' rights.

(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

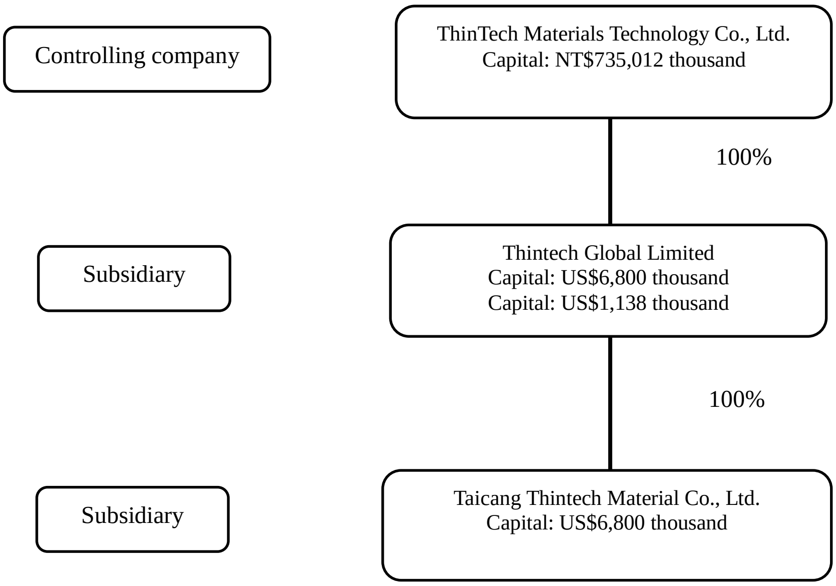
Eight. Special Matters

I. Relevant information on affiliates:

(I) Consolidated business reports

1. Organizational chart of affiliates:

Date: February 29, 2024



2. Basic information on each affiliate:

February 29, 2024; unit: In thousands of dollars

Company	Date of incorporation	Address	Paid-in capital	Main business or item produced
Thintech Global Limited	2011.02.23	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, SAMOA.	US$ 6,800	An investment holding company
Taicang Thintech Material Co., Ltd.	2011.07.28	No. 98, Beitaowan Road, Shaxi Town, Taicang City, Jiangsu Province	US$ 6,800	Manufacturing and sales of metal targets

3. Information on the shareholders shared by those presumed to be controlling and controlled companies as per Article 369-3 of the Company Act: None.

4. Industries to which the affiliates belong:

(1) The main business of the Company and the affiliates is the processing and sales of various thin-film sputtering targets and precious metals, international trade, and the import and export of non-ferrous metals.

(2) If the businesses operated by each affiliate is related to each other, specify the division of labor between them: None.

5. Information on directors, supervisors, and presidents of affiliates:

February 29, 2024

Company	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding
Thintech Global Limited	Chairman-cum-President	ThinTech Materials Technology Co., Ltd. representative: Pan, Yung-Tsun	6,800,000	100%
Taicang Thintech Material Co., Ltd. (Note 1)	Chairman	Thintech Global Limited representative: Pan, Yung-Tsun	6,800,000	100%
	Director	Thintech Global Limited representative: Lin, Ching-Chun (Note 2)	6,800,000	100%
	Director	Thintech Global Limited representative: Lin, Yu-Chuan	6,800,000	100%
	President	Thintech Global Limited Chang, Chia-Wen(Note2)	6,800,000	100%
	Supervisor	Thintech Global Limited representative: Huang,Chuan-Dong(Note3)	6,800,000	100%

Note 1: It is an indirect reinvestment through Thintech Global Limited.

Note 2: The former corporate director representative, Chang, Chia-Wen, and supervisor, Lin, Chang-Ming, were reappointed as of August 1, 2023, as their terms of office expired on July 31, 2023, and have been reappointed as the new corporate director representative, Lin, Ching-Chun, and supervisor, Chang, Chia-Wen.

Note 3: The former General Manager of Hsin Chong, Mr. Pan, Liangwen, returned to the Company on June 30, 2023, and was replaced by a new General Manager, Mr. Huang, Chuan-Dong, on July 1, 2023, to take over the position.

6. Overview of the operations of affiliates:

December 31, 2023; Unit: NT$ thousands

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income for this period (after tax)	Net income after tax per share (NT$)
Thintech Global Limited	205,435	54,460	-	54,460	-	-	(6,889)	(1.01)
Taicang Thintech Material Co., Ltd. (Note)	208,794 (US$6,800 thousand)	213,757	159,298	54,277	204,966	1,122	(6,889)	NA

Note: The USD is converted at the Bank of Taiwan's spot exchange rate of 1 USD to 30.75 NTD on December 31, 2023.

(II) Consolidated financial statements of affiliates and statement of consolidated financial statements: Please refer to Appendix II for details.

(III) Affiliation Report

1. Overview of the relations between the subsidiaries and the controlling company:

December 31, 2023; unit: shares; %

Name of controlling company	Reason for control	The controlling company's shareholding and shares pledged			Directors, supervisors, or managers served by personnel sent by the controlling company
		Number of shares held	Shareholding	Number of shares pledged	Job title/Name
Gains Investment Corporation	Has the ultimate control	23,423,016	31.86%	0	Chairman /Lee,Chao-Hsiang President /Pan, Yung-Tsun

2. Transactions:

(1) Purchases and sales:

A. Sales: The Company sold goods to the related party Taicang Thintech Material Co., Ltd. during 2023 in the total amount of NT$9,700 thousand (accounting for less than 1% of the net sales revenue). The selling prices and payment terms of the transactions are the almost the same as those with non-related parties.

B. Purchases: We purchased goods from the related party Taicang Thintech Material Co., Ltd. during 2023 in the total amount of NT$11,237 thousand (accounting for less than 1% of the net purchase). The purchase prices and payment terms of the transactions are the almost the same as those with non-related parties.

(2) Property transactions: None.

(3) Financing: In August 2023 and October 2023, respectively, the Board of Directors of the Company passed a resolution to provide a capital loan to the investee, Taicang Thintech Material Co., Ltd. with line totaling US$3.5 million (or RMB 24.06 million), and there was no amount actually drawn up to the publication date of this annual report.

(4) Assets leased: None

3. Endorsements/Guarantees provided:

In August 2023, the Board of Directors of the Company passed a resolution to endorse and guarantee an amount of US$8,500 thousand to the investee, Taicang Thintech Material Co., Ltd.; the amount actually endorsed and guaranteed was RMB 27,500 thousand up to the publication date of this annual report.

II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report: None.

IV. Other necessary supplementary information: None.

V. Any event as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interest or securities prices occurred to the Company during the most recent year and up to the publication date of this annual report: None.

VI. Additional information on the commitment made for listing on Taipei Exchange:

In accordance with document No. issued by Taipei Exchange on September 4, 2012:

Letter Zheng-Gui-Shen No. 10101010261, the Company fills in the letter to report to Taipei Exchange at the end of each quarter.

Commitment Follow-up List

February 2024

Commitment for listing on Taipei Exchange	**Commitment**
The Company is committed to adding the provision to the Procedures for Asset Acquisition and Disposal, "The Company shall not give up on the capital increase by Thintech Global Limited (hereinafter referred to as "TTGL") in each of year in the future) The capital increase in each of the future years; if the Company has to give up on its capital increase or dispose of said company's equity due to strategic alliance factors or with the approval from Taipei Exchange in the future, it shall approved by TTMC's Audit Committee and then approved by TTMC's Board of Directors by supermajority resolution." If the procedures is amended in the future, it shall be disclosed on the MOPS and reported to Taipei Exchange for future reference.	(1-1) The 11th meeting of the 5th Board of Directors passed a resolution to this provision on September 18, 2012, which was reported to the 2013 general shareholders' meeting and approved by all shareholders present without any objection as proposed. (1-2) Due to subsequent changes in the business strategy, we filed an application to Taipei Exchange for the dissolution and liquidation of the investee, and the Board of Directors approved the amendments to the Procedures for Asset Acquisition and Disposal in 2014, 2018, 2019, and 2020 (the details of the investee was deleted) and submitted it to the general shareholders' meeting for discussion, while disclosing and reporting it to Taipei Exchange for reference as required and amending the Commitment for listing on Taipei Exchange.

Appendix 1

2023 Parent Company Only Financial Statements and Independent Auditor’s Report

Stock Code: 3663

ThinTech Materials Technology Co., Ltd.

Parent Company Only Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2023 and 2022

Address of the Headquarters: 8F-4 Floor, No. 140, Zhongshan North Road, Gangshan District, Kaohsiung City
Address of the Branch: No. 1, Luke 8th Road, Luzhu District, Kaohsiung City (mailing address)
Tel.: (07)695-5125

Independent Auditor’s Report

To ThinTech Materials Technology Co., Ltd.,

Audit opinion

We have audited the accompanying parent company only balance sheets of ThinTech Materials Technology Co., Ltd. (the “Company”) for the years ended December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “parent company only financial statements”).

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

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the “Auditor's responsibilities for the audit of the parent company only financial statements” paragraph 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 we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Company’s parent company only financial statements for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Company’s parent company only financial statements for the year ended December 31, 2023, are stated as follows:

<u>Authenticity of revenue from sales of silver materials stored in suppliers’ warehouses</u>

The Company’s sales revenue of the silver materials stored in suppliers’ warehouses were affected by price fluctuations in the market, and the sales revenue of the silver materials stored in suppliers’ warehouses was recognized as the Company fulfilled its performance obligations when clients confirmed the spot prices. The Company's main risk arising from the sales revenue is whether the sales revenue recognized at the spot prices of the silver material stored in the suppliers’ warehouses actually occurred, so we listed it as a key audit item.

We performed for the following audit procedures:

I. Learned about and tested the effectiveness of the internal control related to the recognition of sales revenue of the silver materials stored in the suppliers' warehouses;

II. Selected appropriate samples from the sales revenue from the silver materials stored in the suppliers' warehouses, and checked the spot price supporting documents and proof of receipt of payments;

III. Obtained the details of the sales returns and discounts during the year and after the balance sheet date and checked whether there were any major unusual returns and discounts.

Responsibilities of the management and the governing bodies for the financial statements

The management's responsibilities are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the parent company only financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have exercised our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

I. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

II. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

III. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

IV. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company’s ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

V. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.

VI. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company’s parent company only financial statements for the year ended December 31, 2022. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 16, 2024

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying standalone 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 standalone financial statements shall prevail.

ThinTech Materials Technology Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 138,991	8	$ 176,858	11
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,236	1	2,257	-
1139	Financial assets for hedging - current (Notes 4 and 25)	14,007	1	-	-
1150	Notes payable (Notes 4 and 9)	152	-	3,144	-
1170	Accounts receivable, net (Notes 4, 9, and 26)	239,472	14	200,589	12
1200	Other receivables (Note 9)	8,380	1	8,645	1
1210	Other receivables - related party (Note 26)	101	-	196	-
1220	Current income tax assets (Notes 4 and 22)	35	-	983	-
130X	Inventory (Notes 4, 5, and 10)	571,408	34	731,962	44
1410	Prepayments (Note 11 and 26)	59,145	4	29,366	2
1476	Other financial assets - current (Notes 12 and 27)	121,326	7	20,896	1
1479	Other current assets	4,444	-	1,330	-
11XX	Total current assets	1,164,697	70	1,176,226	71
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	33,422	2	31,727	2
1550	Investments using the equity method (Notes 4 and 13)	85,912	5	90,977	5
1600	Property, plant and equipment (Notes 4, 14, and 27)	220,758	13	185,075	11
1755	Right-of-use assets (Notes 4 and 15)	105,101	6	111,428	7
1801	Computer software (Note 4)	1,406	-	212	-
1840	Deferred tax assets (Notes 4 and 22)	43,166	3	44,890	3
1920	Guarantee deposits paid (Note 26)	3,312	-	3,542	-
1975	Net defined benefit assets (Notes 4 and 18)	16,021	1	10,886	1
1990	Other non-current assets (Note 9)	854	-	582	-
15XX	Total non-current assets	509,952	30	479,319	29
1XXX	Total assets	$ 1,674,649	100	$ 1,655,545	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2126	Financial liabilities for hedging - current (Notes 4 and 25)	$ 81,032	5	$ 239,060	14
2130	Contract liabilities - current (Notes 4 and 20)	25,319	1	41,911	3
2170	Accounts payable (Note 26)	11,040	1	7,366	1
2219	Other payables (Notes 17 and 26)	48,856	3	54,298	3
2230	Current tax liabilities (Notes 4 and 22)	8,980	1	-	-
2280	Lease liabilities - current (Notes 4 and 15)	5,671	-	5,686	-
2399	Other current liabilities	1,357	-	1,449	-
21XX	Total current liabilities	182,255	11	349,770	21
	Non-current liabilities				
2530	Bonds payable(Notes 4 and 16)	189,728	12	-	-
2570	Deferred tax liabilities (Notes 4 and 22)	3,693	-	2,589	-
2580	Lease liabilities - non-current (Notes 4 and 15)	103,319	6	108,990	7
25XX	Total non-current liabilities	296,740	18	111,579	7
2XXX	Total liabilities	478,995	29	461,349	28
	Equity (Note 19)				
3110	Ordinary share capital	735,012	44	734,980	44
3200	Capital surplus	352,020	21	324,681	20
	Retained earnings				
3310	Legal reserve	43,142	2	34,666	2
3320	Special reserve	-	-	3,660	-
3350	Undistributed earnings	60,830	4	95,623	6
3300	Total retained earnings	103,972	6	133,949	8
	Other equity				
3410	Exchange differences arising from the translation of the financial statements of foreign operations	(4,012)	-	(2,959)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	8,662	-	3,545	-
3400	Total other equity	4,650	-	586	-
3XXX	Total equity	1,195,654	71	1,194,196	72
	Total liabilities and equity	$ 1,674,649	100	$ 1,655,545	100

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

ThinTech Materials Technology Co., Ltd.
Parent Company Only Statement of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
Unit: In NT$ thousand, except for earnings per share in NT$

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue, net (Notes 4, 20, and 26)	$2,221,090	100	$2,288,609	100
5000	Operating costs (Notes 10, 21, and 26)	2,045,459	92	2,102,155	92
5900	Gross profit	175,631	8	186,454	8
5910	Unrealized gains with subsidiaries	(2,235)	-	(413)	-
5920	Realized gains with subsidiaries	413	-	1,866	-
5950	Realized operating gross margins	173,809	8	187,907	8
	Operating expenses (Notes 9, 21, and 26)				
6100	Selling expenses	28,925	1	30,522	1
6200	Administrative expenses	64,012	3	58,370	3
6300	R&D expenses	31,908	2	25,745	1
6450	Expected credit impairment losses (gain on reversal)	96	-	14	-
6000	Total operating expenses	124,941	6	114,651	5
6900	Net operating income	48,868	2	73,256	3
	Non-operating income and expenses (Notes 13, 21 and 26)				
7100	Interest income	6,024	-	3,030	-
7010	Other income	21,086	1	12,919	1
7020	Other gains and losses	(7,506)	-	12,600	1

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7050	Financial costs	($ 11,552)	(1)	($ 5,758)	-
7070	Share of profit or loss on subsidiaries and affiliates using the equity method	(5,838)	-	7,440	-
7000	Total non-operating income and expenses	2,214	-	30,231	2
7900	Net income before tax	51,082	2	103,487	5
7950	Income tax expense (Notes 4 and 22)	11,514	-	21,484	1
8200	Net income for this year	39,568	2	82,003	4
	Other comprehensive income (Notes 13, 18, 19, and 22)				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	3,681	-	3,544	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	1,695	-	5,647	-
8321	Remeasurements of defined benefit plans of affiliates	2	-	(1)	-
8326	Unrealized gains or losses on affiliates' investment in equity instruments at fair value through other comprehensive income	4,428	-	(2,344)	-
8349	Income tax related to items not reclassified	(736)	-	(709)	-
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	(1,053)	-	867	-
8300	Other comprehensive income for this year (net of tax)	8,017	-	7,004	-
8500	Total comprehensive income for this year	$ 47,585	2	$ 89,007	4

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Earnings per share (Note 23)				
9750	Basic	$ 0.54		$ 1.12	
9850	Diluted	0.54		1.11	

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

ThinTech Materials Technology Co., Ltd.
Parent Company Only Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		Ordinary share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity items: Exchange differences arising from the translation of the financial statements of foreign operations	Other equity items: Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total equity
A1	Balance as of January 1, 2022	$ 734,980	$ 324,681	$ 27,759	$ 3,450	$ 84,127	($ 3,826)	$ 166	$ 1,171,337
	Earnings appropriation and distribution for 2021 (Note 19)								
B1	Legal reserve	-	-	6,907	-	(6,907)	-	-	-
B3	Special reserve provided	-	-	-	210	(210)	-	-	-
B5	Cash dividend	-	-	-	-	(66,148)	-	-	(66,148)
		-	-	6,907	210	(73,265)	-	-	(66,148)
D1	Net income for 2022	-	-	-	-	82,003	-	-	82,003
D3	Other comprehensive income after tax for 2022	-	-	-	-	2,834	867	3,303	7,004
D5	Total comprehensive income for 2022	-	-	-	-	84,837	867	3,303	89,007
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 19)	-	-	-	-	(76)	-	76	-
Z1	Balance as of December 31, 2022	734,980	324,681	34,666	3,660	95,623	(2,959)	3,545	1,194,196
	Earnings appropriation and distribution for 2022 (Note 19)								
B1	Legal reserve	-	-	8,476	-	(8,476)	-	-	-
B17	Reversal of special reserve	-	-	-	(3,660)	3,660	-	-	-
B5	Cash dividend	-	-	-	-	(73,498)	-	-	(73,498)
		-	-	8,476	(3,660)	(78,314)	-	-	(73,498)
C5	Equity component of convertible bonds issued by the Company（Note 16）	-	27,277	-	-	-	-	-	27,277
D1	Net income for 2023	-	-	-	-	39,568	-	-	39,568
D3	Other comprehensive income after tax for 2023	-	-	-	-	2,947	(1,053)	6,123	8,017
D5	Total comprehensive income for 2023	-	-	-	-	42,515	(1,053)	6,123	47,585
I1	Bonds converted to ordinary shares（Note 16）	32	62	-	-	-	-	-	94
Q1	Disposal of investment in equity instruments at fair value through other comprehensive income (Note 19)	-	-	-	-	1,006	-	(1,006)	-
Z1	Balance as of December 31, 2023	$ 735,012	$ 352,020	$ 43,142	$ -	$ 60,830	($ 4,012)	$ 8,662	$ 1,195,654

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

ThinTech Materials Technology Co., Ltd.
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for this year	$ 51,082	$103,487
A20010	Income and expense items		
A20100	Depreciation expenses	27,156	28,257
A20200	Amortization expenses	991	758
A20300	Expected credit impairment losses	96	14
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	1,775	5,953
A20900	Financial costs	11,552	5,758
A21200	Interest income	(6,024)	(3,030)
A21300	Share of profit on affiliates using the equity method	(162)	-
A22400	Share of profit or loss on subsidiaries and affiliates using the equity method	5,838	(7,440)
A22500	Loss (gain) on disposal of property, plant and equipment	(207)	42
A23800	Losses on inventory valuation loss	4,653	1,057
A29900	Others	1,822	(1,453)
A30000	Net movements in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	1,477	(7,969)
A31130	Notes receivable	2,992	20,338
A31150	Accounts receivable	(38,979)	90,219
A31180	Other receivables	1,009	9,942
A31200	Inventory	155,901	(234,452)
A31230	Prepayments	(29,779)	29,067
A31240	Other current assets	(3,114)	(1,312)
A31990	Net defined benefit assets	(1,454)	(1,736)
A32120	Financial liabilities for hedging	(158,028)	76,548
A32125	Contract liabilities	(16,592)	(8,705)
A32150	Accounts payable	3,674	(2,476)
A32180	Other payables	(10,532)	(1,799)
A32230	Other current liabilities	(92)	464
A33000	Cash inflow from operations	5,055	101,532
A33500	Income tax returned (paid)	506	(7,266)
AAAA	Net cash inflow from operating activities	5,561	94,266

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Code		2023	2022
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through other comprehensive income	($ 10,000)	$ -
B01500	Acquisition of Financial assets for hedging	(12,823)	-
B02700	Acquisition of property, plant and equipment	(51,688)	(40,569)
B02800	Proceeds from disposal of property, plant and equipment	473	104
B03800	Decrease in guarantee deposits paid	230	140
B04400	Decrease in other receivables - related party	-	96,871
B04500	Acquisition of computer software	(1,644)	-
B06500	Increase in other financial assets	(100,430)	-
B06600	Decrease in other financial assets	-	19,416
B06700	Increase in other non-current assets	(813)	(573)
B07500	Interest received	5,375	3,577
B07600	Dividends received from affiliates	782	1,611
B07600	Dividends received from others	162	-
BBBB	Net cash inflows (outflow) from investing activities	(170,376)	80,577
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	484,000	169,000
C00200	Decrease in short-term borrowings	(484,000)	(169,000)
C00500	Increase in short-term notes and bills payable	30,000	30,000
C00600	Decrease in short-term notes and bills payable	(30,000)	(30,000)
C01200	Proceed from bonds payable	214,263	-
C04020	Repayment of lease principal	(5,686)	(5,743)
C04500	Cash dividend paid out	(73,498)	(66,148)
C05600	Interest paid	(8,131)	(5,758)
CCCC	Net cash inflows (outflow) from financing activities	126,948	(77,649)
EEEE	Net increase (decrease) in cash and cash equivalents	(37,867)	97,194
E00100	Opening balance of cash and cash equivalents	176,858	79,664
E00200	Ending balance of cash and cash equivalents	$138,991	$176,858

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

ThinTech Materials Technology Co., Ltd.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
(In NT$ thousand, unless otherwise specified)

I. Company history

ThinTech Materials Technology Co., Ltd. (hereinafter referred to as "the Company") was incorporated in March 2000 and mainly engages in the processing and sales of a variety of thin film sputtering targets and precious metals, as well as trading of general metals.

The Company's stock has been listed on the Taipei Exchange for trading since November 20, 2012.

The parent company only financial statements are presented in the Company's functional currency, i.e., New Taiwan dollar (NTD).

II. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were published after being approved by the Board of Directors on February 16, 2024.

III. Application of New and Revised Standards and Interpretation

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

The application of the IFRSs endorsed and issued into effect by the FSC will not cause a material change in the Company's accounting policies.

(II) Application of IFRSs endorsed by FSC in 2024

New/amended/revised standards or interpretation	Effective date announced by IASB
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
Liabilities IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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 consolidated financial statements were authorized for issue, the Corporation

By the time parent company only financial statements were approved to be released, the Company confirmed that the amendments to other standards and interpretations would not cause a material impact on its financial position and financial performance.

(III) The IFRSs released by the IASB 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 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs 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 parent company only financial statements were approved for release, the Group has continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The parent company only financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

1. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

When the Company prepared the parent company only financial statements, it adopted the equity method to account for the investments in its subsidiaries and associates. To enable the amounts of the profit and loss for this year, other comprehensive income, and equity, for this year in the parent company only financial statements to be the same as the profit and loss for this year, other comprehensive income, and equity attributable to the owner of the Company in its consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidated basis, adjustments were made to the investments accounted for using the equity method, the share of profit or loss on subsidiaries and affiliates using the equity method, the share of other comprehensive income of subsidiaries and affiliates using the equity method, as well as relevant equity items, as appropriate, in the parent company only financial statements.

(III) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

(IV) Foreign currencies

When the Company prepares the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are converted into the functional currency at the exchange rate prevailing on the transaction date.

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Foreign currency non-monetary items at fair value are translated at the exchange rate on the date when the fair value is determined, and the resulting exchange differences are recognized in current profit or loss; however, regarding changes in fair values recognized in other comprehensive income, the resulting exchange differences are recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When the parent company only financial statements are prepared, the assets and liabilities of foreign operations (including subsidiaries operating in a country or using a currency different from that of the Company) were translated into New Taiwan dollars (NTD) at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the year's average exchange rate, and the resulting exchange differences are recognized in other comprehensive income.

(V) Inventory

Inventory includes raw materials, work in process, semi-finished goods, finished goods, and merchandise; the value of inventory is measured at the lower of cost or net realizable value. The comparison of the cost and net realizable value is based on individual items. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average method.

(VI) Investment in subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss, other comprehensive income, and profit margins of the subsidiaries. Moreover, the Company recognizes the movements in its share of other equity of subsidiaries based on the shareholding ratio.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the parent company only financial statements only to the extent that it does not affect the Company's interests in the subsidiaries.

(VII) Investments in affiliates

An affiliate is an entity on which the Company has significant influence and is not a subsidiary or a joint venture.

The Company adopts the equity method to account for its investments in affiliates.

Under the equity method, investments in an affiliate are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss, other comprehensive income, and profit margins of the affiliate. Moreover, the Company recognizes the changes in its share of the equity of affiliates based on its shareholding.

When an affiliate issues new shares, if the Company does not subscribe in proportion to its shareholding, resulting in a change in the shareholding and, thus, an increase or decrease in the net value of the equity invested, with the increase or decrease, “capital surplus” and “investments using the equity method” will be adjusted. However, if the Company fails to subscribe for or acquire the shares in proportion to its shareholding, which results in a decrease in its ownership interests of the affiliate, the amount recognized in other comprehensive income related to the affiliate is reclassified in proportion to the decrease, and the basis of the accounting treatment is the same as the basis that the affiliate must adopt if it directly disposes of relevant assets or liabilities. If the adjustment in the preceding paragraph shall be debited to the capital surplus. If the investment using the equity method results in insufficient capital surplus, the difference shall be debited to the retained earnings.

When the Company’s share of losses on an affiliate equals or exceeds its interest in the affiliate (including any carrying amount of the investment using the equity method and other long-term interests that, in substance, form part of the Company’s net investment in the affiliate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of said affiliate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment losses is recognized to the extent of a subsequent increase in the recoverable amount of the investment.

Profits and losses arising from counter-current, downstream, and side-stream transactions between the Company and its affiliates are recognized in the parent company only financial statements only to the extent not related to the Company's interests in the affiliates.

(VIII) Property, plant and equipment

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

Property, plant and equipment under construction are recognized at cost. The cost includes professional service expenses and the borrowing costs eligible for capitalization. The samples produced to test if such assets can function normally before they reach the status of intended use are measured at the lower of cost or net realizable value, and the sales price and cost are recognized in profit or loss. Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the status of intended use, and the depreciation shall begin.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Company shall conduct at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Computer software

The finite useful life of computer software acquired separately is measured at initial cost and subsequently at cost, less accumulated amortization. Computer software is amortized on a straight-line basis over its useful life, and the estimated useful life and amortization method are reviewed at least at the end of each year, and the effects of changes in accounting estimates are applied prospectively.

(X) Impairment of property, plant and equipment, right-of-use assets, and computer software

The Company assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use assets, and computer software at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit, to which the asset belongs. When shared assets can be apportioned to cash-generating units on a reasonable and consistent basis, they are apportioned to each cash-generating unit; otherwise, they are apportioned to the smallest group of cash-generating units.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the cash-generating unit, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instrument that the Group has not designated to measure at fair value through other comprehensive income and financial assets not eligible to be classified as those at amortized cost.

Financial assets measured at fair value through profit or loss are measured at fair value; the gains or losses arising from re-measurement are recognized in profit or loss. Please refer to Note 25 for the method of determining the fair value.

B. Financial assets at amortized cost

If the Company invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured at amortized cost:

a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets - current, and guarantee deposits paid) are measured at the amortized cost of the total carrying amount determined with the effective interest method, less any impairment loss; and any foreign currency exchange gains or losses are recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

a. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
b. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Credit-impaired financial assets means that the issuer or debtor has experienced material financial difficulties or default, and the debtor is likely to file for bankruptcy or other financial restructuring, or the active market for such financial assets has disappeared due to the financial difficulties.

Cash equivalents, including time deposits and bonds with a repurchase agreement, are highly liquid and readily convertible into a fixed amount of cash at any time while featuring little risk of value changes, and can be used to meet short-term cash commitments within three months from the acquisition date.

C. Investment in equity instruments at fair value through other comprehensive income

The Company may, upon initial recognition, make an irrevocable election to designate as at fair value through other comprehensive income the investment in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss at each balance sheet date.

An allowance for losses on accounts receivable is recognized on the basis of expected credit loss over the duration of the receivables. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month expected credit loss. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime expected credit loss.

The expected credit loss refers to the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime expected credit loss represents the expected credit loss from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. Internal or external information indicates that it is impossible for the debtor to settle the debt.

B. It is overdue for more than 365 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

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

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When an investment in equity instrument at fair value through other comprehensive income is derecognized in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, less the cost of direct issue.

3. Financial liabilities

(1) Subsequent measurement

All the Company's financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5. Derivatives

Derivative contracts signed by the Company, including forward exchange agreements, are adopted to manage the Company's exchange rate fluctuation risk.

When a derivative contract is signed, the fair values of the derivative is recognized initially and is subsequently re-measured on the balance sheet date. The gains or losses arising from the subsequent measurement are directly recognized in profit or loss but are designated as and are effective hedging instruments. The time point at which they are recognized in profit or loss depends on the nature of the hedging. When the fair value of a derivative is a positive figure, it is classified as a financial asset, while a negative figure, it is classified as a financial liability.

If a derivative is embedded in a master asset agreement within the scope of IFRS 9 "Financial Instruments", the classification of the financial asset is determined based on the overall agreement. If a derivative is embedded in a master asset agreement for an asset that is not within the scope of IFRS 9 (e.g., embedded in a master financial liability agreement), the embedded derivative meets the definition of derivatives, and the risks and characteristics of the embedded derivative are not closely related to the risks and characteristics of the master agreement, while the hybrid agreement is not measured at fair value through profit or loss, the derivative is regarded as a separate derivative.

(XII) Hedge accounting

The Company designates some hedging instruments for fair value hedging.

The profits and losses on hedging instruments designated and in alignment with fair value hedging, and the movements in the fair values of the hedged items attributable to the hedged risks are recognized immediately in profit or loss, and are recognized under the items related to the hedged items in the parent company only statement of comprehensive income.

The Company postpones or ceases hedge accounting only to the extent that the hedge relationship no longer meets the criteria of hedge accounting, which includes the situations that a hedging instrument has expired or has been sold or the contract thereof has been terminated or exercised.

(XIII) Revenue recognition

After the Company identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

The merchandise sales revenue is from the sales of precious metals and thin film sputtering targets. Except precious metal transactions, which are recognized at spot prices, the merchandise sales revenue is recognized after it is delivered as a client has the right to set the price and use the product, assumes the main responsibility for reselling the merchandise, and bears the risk of obsolescence and debited to accounts receivable or unearned revenue (contract liabilities).

When supplying materials for outsourced processing, as the control of the ownership of the processed products has not been transferred, revenue is not recognized when the materials are supplied.

(XIV) Leasing

The Company assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract. Regarding contracts that include lease and non-lease components, the Group allocates the consideration in the contracts on the basis of relative standalone prices and handles them separately.

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

The right-of-use assets are initially measured at cost (including the initially measured amount of a lease liability, the lease payment paid before the lease commencement date, less lease incentives received, and the initial direct cost) and subsequently measured at cost, less accumulated depreciation, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payment (including fixed payments and variable lease payments subject to an index or rate). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes during the lease term or the index or rate used to determine lease payments lead to changes in future lease payments, the Group 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 has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(XV) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in decrease in relevant costs on a systematic basis during the periods, in which the Company recognize the relevant costs, for which the grants are intended to compensate, as expenses.

If the government grants are used to compensate for expenses or losses that have already occurred, or to provide immediate financial support to the Company and has no future related costs, it can be recognized in profit or loss in the period when it is received.

(XVI) Employee benefits

1. Short-term employee benefits

   Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

   The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service costs and net interest on net defined benefit assets are recognized in employee benefit expenses when incurred. The remeasurement (including actuarial gains and losses and plan asset remuneration net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss after the balance sheet date.

   The net defined benefit assets are the surplus of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

(XVII) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Current income tax expenses

   The Company determines the current income (loss) in accordance with the laws and regulations formulated by the authority in the jurisdiction to which an income tax turn should be filed and calculates the payable (recoverable) income tax accordingly.

   A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

   Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

   Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income. All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are recognized when it is probable that future taxable income will be available against the income tax credits arising from the deductible temporary differences and carryforward of the unused losses.

   Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from the deductible temporary differences related to said investments are recognized in deferred tax assets only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would ensue in a manner expected by the Company at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes

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

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Company adopts accounting policies, the management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The management will continue to review the estimates and basic assumptions. If a revision of an estimate affects only the current year, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current year and future periods, it is recognized in the year in which it is revised and in the future periods.

Inventory valuation

As the inventory is valuated at the lower of cost or net realizable value, the Company must exercise judgment and make estimation to determine the net realizable value of the inventory at the end of the financial reporting period. As the net realizable value of the inventory is estimated mainly based on the product selling price, significant changes may occur.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 481	$ 586
Demand deposits in banks	112,548	176,272
Cash equivalents		
Bank demand deposits with initial duration of more than 3 months	25,962	-
	$138,991	$176,858

VII. Financial instruments at fair value through profit or loss

Financial assets - current	December 31, 2022	December 31, 2021
Mandatorily at fair value through profit or loss		
Derivatives (not designated for hedging)		

Precious metals futures contracts	$ -	$ 2,257
Forward exchange agreements	214	-
Domestic emerging market shares	6,942	-
Convertible bonds call options and put options,net (Note 16)	80	-
	$ 7,236	$ 2,257

The Company's trading of precious metals futures contracts mainly aims to cope with the risks arising from changes in international precious metal prices. The Company's financial hedging strategy is to cope with most of the changes in fair values. Due to the failure to adopt hedge accounting, a loss of NT$233 thousand was incurred during 2022, recognized in the financial assets at fair value through profit or loss and liabilities. As of December 31, 2022, all precious metals futures contracts have been due and settled.
For unexpired precious metal futures contracts applicable to hedging accounting, please refer to Note 25.

The trading of the Company's forward exchange agreements mainly aims to hedge the risks of foreign-currency assets and liabilities due to exchange rate fluctuations. Due to the failure to adopt hedge accounting, losses of NT$566 thousand and NT$5,720 thousand were incurred during 2023 and 2022, respectively, recognized in the financial assets at fair value through profit or loss and liabilities. As of December 31, 2022, all forward exchange agreements have been due and settled.

At the parent company only balance sheet date, the outstanding forward exchange agreements are as follows:

	Currency	Due period	Contract amount (in thousands of dollars)
December 31, 2023			
Forward exchange agreements	From USD to NTD	2024.01	USD300／NTD9,402

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Non-current		
Domestic investment		
Emerging market shares	$ 33,422	$ -
Unlisted stocks	-	31,727
	$ 33,422	$ 31,727

The Company invests in the domestic stocks in alignment with the medium- and long-term strategic purposes and anticipates to make profits through long-term investment. The Company's management believes that if the short-term fair value fluctuations of such investments are recognized in profit or loss, it is inconsistent with the afore-mentioned long-term investment strategy, so it has chosen to designate such investments as at fair value through other comprehensive income.

IX. Notes and accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable (from operations)		
At amortized cost	$ 152	$ 3,144
Accounts receivable		
At amortized cost		
Total carrying amount	$239,582	$200,603
Less: Allowance for losses	110	14
	$239,472	$200,589
Other receivables		
Business tax refund	$ 7,499	$ 8,519
Others	881	126
	$ 8,380	$ 8,645

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	December 31, 2022	December 31, 2021
Overdue receivables collected (recognized in other non-current assets)		
At amortized cost		
Total carrying amount	$ 71	$ 71
Less: Allowance for losses	71	71
	$ -	$ -

(I) Notes and accounts receivable

The Company's average credit periods for the sales and the production of silver materials are net 7–10 days and 30–120 days after the end of each month, respectively.

The Company prudently assesses its clients, which are companies or institutions with good credit ratings and without significant credit risk expected. However, the Company has an issue of significant client concentration, so the credit concentration risk is high.

To mitigate credit risk, the Company's management assigns a team dedicated to determining and approving clients' credit lines and carrying out other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Company's management believes that its credit risk has been significantly reduced.

The Company recognizes an allowance for losses on accounts receivable on the basis of lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, and industry outlook. Based on the Company's history of credit losses, as there was no significant difference in the loss patterns among different groups of clients, the groups of clients were not further differentiated in the provision matrix, and only expected credit loss ratio was set based on the number of days for which accounts receivable was past due.

When there was evidence indicating that the counterparty was in severe financial difficulty and the Company could not reasonably expect the amount to be recovered, the Company would write off relevant accounts receivable and continued to collect the overdue receivables. The receivable recovered was recognized in profit or loss.

The table below shows the allowance for losses on notes and accounts receivable based on the Company’s provision matrix:

December 31, 2023

	Not past due	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–180 days	Identified individually	Total
Total carrying amount	$ 232,216	$ 2,029	$ 5,489	$ -	$ -	$ 239,734
Allowance for losses (lifetime expected credit losses)	-	-	(110)	-	-	(110)
Amortized cost	$ 232,216	$ 2,029	$ 5,379	$ -	$ -	$ 239,624

December 31, 2022

	Not past due	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–180 days	Identified individually	Total
Total carrying amount	$ 202,591	$ 946	$ -	$ 210	$ -	$ 203,747
Allowance for losses (lifetime expected credit losses)	-	-	-	(14)	-	(14)
Amortized cost	$ 202,591	$ 946	$ -	$ 196	$ -	$ 203,733

Movements in the allowance for losses on accounts receivable and overdue receivables are as follows

	2023		2022	
	Accounts receivable	Overdue receivables	Accounts receivable	Overdue receivables
Opening balance	$ 14	$ 71	$ -	$ 71
Provision during this year	96	-	14	-
Ending balance	$110	$ 71	$ 14	$ 71

(II) Other receivables

The Company's allowance for losses is provided by estimating the amount that cannot be recovered based on the historical experience, clients’ past default records, and their current financial position. As of December 31, 2023 and 2022, there was no balance of an allowance for losses provided.

X. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$379,561	$521,804
Work in progress	38,806	21,259
Semi-finished goods	118,762	155,987
Finished goods	19,485	23,330
Merchandise	6,139	6,156
Inventory in transit	8,655	3,426
	$571,408	$731,962

The costs of sales related to inventories for 2022 and 2021 were NT$2,045,459 thousand and NT$2,102,155 thousand, respectively.

The costs of sales for 2023 and 2022, respectively, included an inventory valuation loss of NT$4,653 thousand and NT$1,057 thousand.

XI. Prepayments

	December 31, 2023	December 31, 2022
Prepayments to suppliers	$ 48,242	$ 23,063
Prepaid expenses	10,903	6,303
	$ 59,145	$ 29,366

XII. Other Financial Assets - Current

	December 31, 2023	December 31, 2022
Time deposits with the initial duration of more than 3 months	$ 92,115	$ -
Pledged time deposits (Note 27)	21,090	20,896
Deposits for projects	8,121	-
	$121,326	$ 20,896

XIII. Investments Using the Equity Method

	December 31, 2023	December 31, 2022
Investment in subsidiaries	$ 52,224	$ 61,975
Investments in affiliates	33,688	29,002
	$ 85,912	$ 90,977

(I) Investment in subsidiaries

	December 31, 2023	December 31, 2022
Investment in a subsidiary - non-listed		
Thintech Global Limited（TTGL）	$ 52,224	$ 61,975

The Company's ownership interests and voting rights (%) in the subsidiary on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
TTGL	100%	100%

The profit and loss of the subsidiary recognized using the equity method for 2023 and 2022 and the share of other comprehensive income of the subsidiary were recognized based on the financial statements for the same periods audited by CPAs.

(II) Investments in affiliates

	December 31, 2023	December 31, 2022
Individually immaterial affiliates	$33,688	$29,002

The relevant information on the above affiliates that are individually immaterial affiliates is as follows:

	2023	2022
The Company’s share		
Net income for this year	$ 1,051	$ 946
Other comprehensive income	4,430	(2,345)
Total comprehensive income	$ 5,481	($ 1,399)

The Company's total shareholdings in the investees valuated using the equity method and the parent company, China Steel Corporation, and its sister companies reach 20% or more, so they are valuated using the equity method.

In order to strengthen the group's operating synergy and resource integration, the company passed the shareholders' meeting resolution in June 2023 to acquire 70% equity of Changzhou China Steel Precision Materials Co., Ltd. (CSPM), a subsidiary of China Steel Corporation (CSC). The acquisition consideration is as follows:

(1) The company plans to acquire a 35% stake in CSPM from China Steel Asia Pacific Holdings Pte. Ltd., a subsidiary of CSC, for US$23,168 thousand.

(2) The company plans to issue 27,471 thousand new shares of common stock and conduct a share exchange with OmniGains Investment Corporation (OmniGains), a subsidiary of Gains Investment Co. The share exchange ratio is 1.18571427 common shares of the company for every 1 share of OmniGains common stock. The company will indirectly acquire 35% equity of CSPM.

The above-mentioned are subject to approval by the competent authorities in 2024.

XIV. Property, plant and equipment

2023

Cost	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
Balance as of January 1, 2023	$ 301,336	$ 382,970	$ 17,507	$ 23,264	$ 47,658	$ 26,181	$ 798,916
Additions	8,042	22,859	-	1,009	3,243	21,625	56,778
Disposal	-	(12,650)	-	(128)	(1,604)	-	(14,382)
Balance as of December 31, 2023	309,378	393,179	17,507	24,145	49,297	47,806	841,312

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	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
Accumulated depreciation and impairment							
Balance as of January 1, 2023	$ 165,521	$ 370,114	$ 15,295	$ 17,899	$ 45,012	$ -	$ 613,841
Depreciation	9,002	7,663	929	2,048	1,187	-	20,829
Disposal	-	(12,384)	-	(128)	(1,604)	-	(14,116)
Balance as of December 31, 2023	174,523	365,393	16,224	19,819	44,595	-	620,554
Net amount as of December 31, 2023	$ 134,855	$ 27,786	$ 1,283	$ 4,326	$ 4,702	$ 47,806	$ 220,758

2022

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
Cost							
Balance as of January 1, 2022	$ 300,756	$ 403,334	$ 16,327	$ 19,050	$ 46,615	$ -	$ 786,082
Additions	580	5,791	1,180	4,691	1,211	26,181	39,634
Disposal	-	(26,155)	-	(477)	(168)	-	(26,800)
Balance as of December 31, 2022	301,336	382,970	17,507	23,264	47,658	26,181	798,916
Accumulated depreciation and impairment							
Balance as of January 1, 2022	156,870	386,888	13,933	17,230	43,792	-	618,713
Depreciation	8,651	9,235	1,362	1,146	1,388	-	21,782
Disposal	-	(26,009)	-	(477)	(168)	-	(26,654)
Balance as of December 31, 2022	165,521	370,114	15,295	17,899	45,012	-	613,841
Net amount as of December 31, 2022	$ 135,815	$ 12,856	$ 2,212	$ 5,365	$ 2,646	$ 26,181	$ 185,075

Based on the business strategy plan, as the recoverable amount of the Company's equipment for producing silver powder and conductive adhesive was lower than its book value, it was recognized in impairment losses. As of December 31, 2023, the cumulative impairment of the equipment was NT$1,615 thousand.

The Company's property, plant and equipment are depreciated on a straight-line basis over the useful lives below:

Buildings	2 to 35 years
Machinery equipment	2 to 16 years
Transportation equipment	5 years
Office equipment	2 to 5 years
Other equipment	2 to 11 years

Please refer to Note 15 for the information on the locations of the Company's plants leased from the government.

Please refer to Note 27 for the amount of property, plant and equipment provided by the Company as collateral for borrowings.

XV. Lease agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	$104,926	$110,979
Transportation equipment	135	327
Office equipment	40	122
	$105,101	$111,428

	2023	2022
Additions to right-of-use assets	$ -	$ 6,461
Right-of-use asset depreciation expenses		
Land	$ 6,053	$ 6,053
Transportation equipment	192	340
Office equipment	82	82
	$ 6,327	$ 6,475

In addition to the additions and those recognized in depreciation expenses above, the Company's right-of-use assets were not significantly subleased or impaired during 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 5,671	$ 5,686
Non-current	$103,319	$108,990

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	1.6007	1.6007
Transportation equipment	0.6487～0.7616	0.6487～0.7616
Office equipment	5.774～6.071	5.774～6.071

(III) Major lease activities and terms

The Company has leased land from the government in the Kaohsiung Industrial Park in the Southern Taiwan Science Park. The lease term will expire in May 2027. According to the lease agreement, the Company may sign a new agreement with the government when the lease term ends, but the government may adjust the rent when the assessed present value increases and may terminate the lease under certain conditions.

(IV) Other lease information

	2023	2022
Short-term lease and low-value asset lease expenses	$ 132	$ 186
Total cash outflows from leases	$ 7,614	$ 7,818

The Company has elected to apply the recognition exemptions to the leases of buildings, transportation equipment and other equipment that qualify as short-term and low-value asset leases and does not recognize such leases in relevant right-of-use assets and lease liabilities.

XVI. BONDS PAYABLE

	December 31, 2023
(1) Liability component	
1. Proceeds from issuance	$199,900
Deduction: Discount of corporate bonds payable	8,956
Issuance cost of bonds payable	4,637
Original amortized cost	186,307
Addition: Discount amortization	3,421
Amortized cost	$189,728
2. Financial assets at FVTPL：call and put options	$ 80
(2) Components of equity	
Common stock options	$ 27,956
Deduction: Issuance cost - stock option	679
Original capital surplus-stock options	27,277
Deduction: Converted into ordinary shares	13
Capital surplus-stock options	$ 27,264

In March 2023, the Corporation issued secured domestic convertible bonds at par and conducted public underwriting through bidding auction, The issuance price was NT109.8, total amount issued was NT$219,595 thousand with a face value of NT$100 thousand each, zero coupon rate and issuance period of 3 years from March 2023 to March 2026. Bank SinoPac acted as guarantee banks. The creditors may request the bonds to be converted into the Corporation's ordinary shares in accordance with the terms of conversion after three months from the issue date.(except for the prescribed relevant transfer period). The holder of each unit of corporate bonds has the right to convert into ordinary shares of the company at NT$30.9 per share. After the conversion price is determined, if there is an ex-right or ex-dividend, it should be adjusted according to the conversion price adjustment formula. As of December 31, 2023, the conversion price will be adjusted to NT$30.1. After two years from the issue date, the bondholders may request the Company to redeem the bond in cash at 100.5006% of the par value (yield to put of 0.25% per annum) within 5 business days after the benchmark date. From the day following the 3-month issuance period to 40 days before the expiration date, if the closing price of the Company's ordinary shares exceeds the conversion price by 30% for 30 consecutive business days or when the outstanding balance of bonds is less than 10% of the total face value of the original issue, the Company may redeem the outstanding convertible bonds in cash at face value within 5 business days after the benchmark date. As of December 31, 2023, the conversion situation of the third convertible corporate bonds by the company situation was as follows:

	December 31, 2023
The conversion and redemption situation	
Number of ordinary shares converted from bonds (in thousands)	3
Amount of ordinary shares converted from bonds	$ 32
Face amount of corporate bonds that have been converted	100
Write-off capital surplus - redemption	13
Capital reserve generated - conversion premium from bonds	75

The derivatives embedded in the bonds, including put options and redemption options were recognized separately from the host contract - corporate bonds as financial instruments at fair value through profit or loss (Note 7) and measured at fair value in accordance with IAS 32 and IFRS 9.

XVII. Other payables

	December 31, 2023	December 31, 2022
Salary and wages and bonuses payable	$ 15,731	$ 20,913
Employee remuneration and directors' remuneration payable	3,346	7,827
Processing fees payable	4,682	5,634
Consumable costs payable	4,113	4,599
Pension payable	2,022	3,115
Purchase of equipment	5,090	-
Information payment	3,447	1,821
Others	10,425	10,389
	$ 48,856	$ 54,298

XVIII. Post-employment benefit plans

(I) Defined contribution pension plan

The Company adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension scheme adopted by the Company in accordance with the Labor Standards Act of R.O.C. is a government-managed defined benefit pension plan. The payment for employee pensions is calculated based on the length of service and the average salary in the six months prior to the approved retirement date. The Company makes a contribution, equal to a certain percentage of the total monthly employee salaries, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account is inadequate to pay for the retirement benefits to employees who meet the retirement requirements in the following year, the Group will make a contribution to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence its investment management strategy.

The amounts included in the parent company only balance sheets in respect of such defined benefit plans are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 15,382	$ 18,903
Fair value of plan assets	(31,403)	(29,789)
Net defined benefit assets	($ 16,021)	($ 10,886)

The movements in the net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2022	$ 20,339	($ 25,945)	($ 5,606)
Service costs			
Interest expense (income)	102	(134)	(32)
Recognized in profit or loss	102	(134)	(32)
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(2,006)	(2,006)
Actuarial gain - changes in financial assumptions	(1,758)	-	(1,758)

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Actuarial loss - experience adjustments	$ 220	$ -	$ 220
Recognized in other comprehensive income	(1,538)	(2,006)	(3,544)
Employer's contributions	-	(1,704)	(1,704)
Balance as of December 31, 2022	18,903	(29,789)	(10,886)
Service costs			
Interest expense (income)	284	(460)	(176)
Recognized in profit or loss	284	(460)	(176)
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(173)	(173)
Actuarial gain - changes in financial assumptions	209	-	209
Actuarial gain - experience adjustments	(3,717)	-	(3,717)
Recognized in other comprehensive income	(3,508)	(173)	(3,681)
Employer's contributions	-	(1,278)	(1,278)
Benefits paid	(297)	297	-
	(297)	(981)	(1,278)
Balance as of December 31, 2023	$15,382	($31,403)	($16,021)

The amount of the defined benefit plan recognized in profit or loss aggregated by function is as follows:

	2023	2022
Administrative expenses	($176)	($ 32)

The Company is exposed to the risks below due to the pension system under the Labor Standards Act:

1. Investment risk

   The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the income from the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for two-year time deposits.

2. Exchange rate risk

   Interest risk: A decrease in the interest rate in the government bonds/corporate bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.

3. Salary risk

The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Company's defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	1.375	1.500
Expected salary increase (%)	3.50	3.50
Turnover rate (%)	3.0～11.0	3.0～11.0

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($416)	($534)
Decrease by 0.25%	$431	$555
Expected salary increase (%)		
Increase by 0.25%	$415	$535
Decrease by 0.25%	($403)	($518)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
The amount expected to be contributed to the plan in a year	$ -	$ 1,764
The weighted average duration of the defined benefit obligations	11 years	11.5 years

XIX. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Authorized number of shares (in thousands)	150,000	100,000
Authorized share capital	$1,500,000	$1,000,000
Number of shares issued and fully paid (in thousands)	73,501	73,498
Share capital publicly offered	$ 589,601	$ 589,569
Share capital through private placement		
Initial share capital publicly offered	140,000	140,000
Share capital received due to capitalization of earnings	5,411	5,411
	145,411	145,411
Share capital already publicly offered	$ 735,012	$ 734,980

As of December 31, 2023, applications have been made to convert corporate bonds with a face value of 100 thousand into 3 thousand ordinary shares of the company. The base date for capital increase is November 2, 2023, and the change registration has been completed.

To enrich the working capital, repay debts, and attract strategic investors, the Company conducted a private placement of 7,000,000 ordinary shares in 2010 and 2011, respectively, at the issue prices of NT$16 and NT$35.7, respectively. The difference between the par value and the issue price was recognized in "capital surplus - additional paid-in capital".

In principle, the rights and obligations of the ordinary shares in the private placements are the same as those of the ordinary shares issued by the Company.

(II) Capital surplus

	December 31, 2023	December 31, 2022
For loss make-up, payment in cash or capitalization as equity (Note)		
Additional paid-in capital - issuance of shares	$283,336	$283,336
Additional paid-in capital - conversion of corporate bonds	39,882	39,807
Stock options invalidated	1,469	1,469
Treasury shares traded	69	69

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	112 年 12 月 31 日	111 年 12 月 31 日
May not be used for any purpose		
Convertible corporate debt options	$ 27,264	$ -
	$352,020	$324,681

Note: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(III) Retained earnings and dividend policy

As per the earnings distribution policy, where the Company makes a profit for a fiscal year, the profit shall be first used for paying the tax in accordance with the laws and regulations, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution.

The industry, in which Company is in, is still growing. We must take into account the current and future operating conditions and focus on the stability of dividends when drawing up a dividend policy. When the Company has cumulative distributable earnings, the amount to be distributed shall not be lower than 50%, of which the cash dividends to be distributed shall not be lower than 50% of the total amount to be distributed.

The legal reserve may be used to offset losses. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out in cash.

The 2022 and 2021 earnings distribution proposals approved by the resolution of the Company's general shareholders' meetings in June 2023 and August 2022 are as follows:

	Earnings distribution proposals		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal reserve	$ 8,476	$ 6,907		
Provision (reversal) of special reserve	(3,660)	210		
Cash dividend	73,498	66,148	$ 1.0	$ 0.9
	$78,314	$73,265		

The 2023 earnings distribution proposal made by the Board of Directors in February 2024 is as follows:

	Earnings distribution proposals	Dividend per share (NTD)
Legal reserve	$ 4,352	
Cash dividend	44,101	$ 0.6
	$ 48,453	

The 2023 earnings distribution proposal is pending a resolution by the general shareholders' meeting scheduled to be held in April 2024.

(IV) Other equity items

1. Exchange differences arising from the translation of the financial statements of foreign operations

	2023	2022
Opening balance	($ 2,959)	($ 3,826)
Exchange differences arising from the translation of the financial statements of foreign operations	(1,053)	867
Ending balance	($ 4,012)	($ 2,959)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	2023	2022
Opening balance	$ 3,545	$ 166
Incurred during the year		
Equity instruments - unrealized gains and losses	1,695	5,647
Shares of affiliates using the equity method	4,428	(2,344)
Cumulative gains and losses from the disposal of equity instruments by affiliates transferred to retained earnings	(1,006)	76
Ending balance	$ 8,662	$ 3,545

XX. Revenue

	2023	2022
Revenue from customer contracts		
Merchandise sales revenue	$2,221,090	$2,288,609

(I) Balance of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 152	$ 3,144	$ 23,482
Accounts receivable	$239,472	$200,589	$290,822
Contract liabilities - current			
Merchandise sales	$ 1,770	$ 7,573	$ 9,985
Collection of clients' scrapped targets in advance	23,549	34,338	40,631
	$ 25,319	$ 41,911	$ 50,616

The movements in contract liabilities mainly arise from the difference between the point at which performance obligations are satisfied and the point at which clients pay.

The amounts of contract liabilities from the beginning of the period recognized in revenue for this period are as follows:

	2023	2022
Merchandise sales revenue	$ 7,400	$ 9,811

(II) Details of revenue from customer contracts

	2023	2022
Major regional markets		
Taiwan	$2,108,781	$2,161,512
Asia	87,598	92,512
The Americas	24,711	34,585
	$2,221,090	$2,288,609
Major products		
Precious metals	$1,527,240	$1,521,485
Sputtering targets	459,067	473,498
Others	234,783	293,626
	$2,221,090	$2,288,609

XXI. Net income before tax

Net income before tax includes the following components:

(I) Other income

	2023	2022
Technical service income	$10,000	$10,000
Grant income	10,080	1,188
Others	1,006	1,731
	$21,086	$12,919

(II) Other gains and losses

	2023	2022
Net foreign exchange gain or loss	($ 5,938)	$ 18,895
Gain (loss) on disposal of property, plant and equipment	207	(42)
Net gain or loss on financial assets and liabilities at fair value through profit or loss	(2,959)	(5,953)
Hedging ineffectiveness gains and losses		
The ineffective part of fair value hedging	1,184	-
Others	-	(300)
	($ 7,506)	$ 12,600

The above net foreign exchange gains and losses are as follows:

	2023	2022
Total foreign exchange gains	$ 11,092	$ 24,352
Total foreign exchange losses	(17,030)	(5,457)
Net gains or losses	($ 5,938)	$ 18,895

(III) Financial costs

	2023	2022
Interest on bank borrowings	$ 302	$ 41
Interest on silver materials borrowed	6,020	3,820
Interest on the lease liabilities	1,796	1,889
Convertible corporate bond interest	3,421	-
Other interest expenses	13	8
	$ 11,552	$ 5,758

(IV) Depreciation and amortization

	2023	2022
Depreciation		
Property, plant and equipment	$ 20,829	$ 21,782
Right-of-use assets	6,327	6,475
	$ 27,156	$ 28,257

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	2023	2022
Amortization		
Computer software	$ 450	$ 142
Others	541	616
	$ 991	$ 758
Depreciation aggregated by function		
Operating cost	$ 23,303	$ 25,045
Operating expense	3,853	3,212
	$ 27,156	$ 28,257
Amortization aggregated by function		
Operating cost	$ 126	$ 103
Operating expense	865	655
	$ 991	$ 758

(V) Employee benefit expenses

	2023	2022
Short-term employee benefits		
Salary and wages	$163,662	$178,462
Labor and health insurance	16,653	16,153
Others	10,675	11,093
	190,990	205,708
Post-employment benefits (Note 18)		
Defined contribution pension plan	8,120	7,995
Defined benefit plan	(176)	(32)
	7,944	7,963
	$198,934	$213,671
Aggregated by function		
Operating cost	$131,459	$145,466
Operating expense	67,475	68,205
	$198,934	$213,671

The Company offsets the cumulative deficit with the income before tax, less employee remuneration and directors' remuneration, for the year and then distributes no lower than 0.1% of the balance as employee remuneration and no higher than 1% of the balance as directors' remuneration. The estimated 2023 and 2022 employee remuneration and directors' remuneration are as follows:

	2023	2022
Employee remuneration	$ 2,994	$ 7,003
Directors' remuneration	352	824

The Company's 2023 and 2022 employee remuneration and directors' remuneration resolved by the Board of Directors in February 2024 and February 2023, respectively (all paid out in cash) are as follows:

	2023	2022
Employee remuneration	$ 2,993	$ 6,561
Directors' remuneration	352	772

If there is a change in the amount after the release date of the annual parent company only financial statements are approved, the change will be accounted for as a change in accounting estimate and the adjustment accounted for in the following year.

The amounts of the employee remuneration and directors' remuneration resolved by the Board of Directors in February 2022 and February 2023 were different from those recognized in the 2023 and 2022 consolidated financial statements. The differences were adjusted for the 2023 and 2022 profit and loss, respectively.

	2022		2021	
	Employee remuneration	Directors' remuneration	Employee remuneration	Directors' remuneration
Amount to be distributed by the resolution of the Board of Directors	$ 6,561	$ 772	$ 5,372	$ 632
Amounts recognized in the annual consolidated financial statements	$ 7,003	$ 824	$ 5,169	$ 608

For information on the remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

XXII. Income tax

(I) Income tax recognized in profit or loss

	2023	2022
Current income tax expenses		
Incurred during this year	$ 9,044	$ -
Income tax on unappropriated earnings	323	-
Adjustment to the prior years	55	6,627
	9,422	6,627
Deferred tax		
Incurred during this year	1,615	20,568
Adjustment to the prior years	477	(5,711)
	2,092	14,857
	$ 11,514	$ 21,484

The reconciliation of accounting profit and income tax expense is as follows:

	2023	2022
Net income before tax	$ 51,082	$103,487
Income tax expense calculated based on statutory tax rate for pre-tax income	$ 10,216	$ 20,697
Profit or loss recognized for tax	443	(129)
Income tax on unappropriated earnings	323	-
Income tax adjustments in prior years	532	916
	$ 11,514	$ 21,484

(II) Income tax expense recognized in other comprehensive income

Deferred tax	2023	2022
Remeasurement of defined benefit plans	$736	$709

(III) Current tax assets

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 35	$ 983
Current tax liabilities		
Income tax payable	$ 8,980	$ -

(IV) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

2023

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Loss carryforwards	$ 5,906	($ 5,906)	$ -	$ -
Overseas investment losses recognized using the equity method	28,661	1,378	-	30,039
Allowance for inventory valuation losses	9,197	931	-	10,128
Impairment losses on non-financial assets	438	(115)	-	323
Unrealized exchange loss	261	1,845	-	2,106
Others	427	143	-	570
	$44,890	($ 1,724)	$ -	$43,166

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Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Defined benefit pension plan	$ 2,177	$ 291	$ 736	$ 3,204
Others	412	77	-	489
	$ 2,589	$ 368	$ 736	$ 3,693

2022

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Loss carryforwards	$ 22,370	($ 16,464)	$ -	$ 5,906
Overseas investment losses recognized using the equity method	29,960	(1,299)	-	28,661
Allowance for inventory valuation losses	8,986	211	-	9,197
Impairment losses on non-financial assets	451	(13)	-	438
Unrealized exchange loss	257	4	-	261
Others	673	(246)	-	427
	$ 62,697	($ 17,807)	$ -	$ 44,890

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Defined benefit pension plan	$ 1,121	$ 347	$ 709	$ 2,177
Others	3,709	(3,297)	-	412
	$ 4,830	($ 2,950)	$ 709	$ 2,589

(V) Income tax return approval

The Company's profit-seeking enterprise income tax returns filed up to 2021 have been approved by the tax authority.

XXIII. Earnings Per Share

The net income and weighted average number of ordinary shares used to calculate earnings per share are as follows:

	2023	2022
Net income for this year	$ 39,568	$ 82,003

Number of shares

Unit: In thousands of shares

	2023	2022
Weighted average number of ordinary shares used to calculate the basic earnings per shar	73,499	73,498
Influence of potential common stock with dilutive effect:		
Employee remuneration	116	270
Weighted average number of ordinary shares used to calculate the diluted earnings per shar	73,615	73,768

If the Company may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be considered when the diluted earnings per share is calculated before the following year's shareholders' meeting resolves a decision on the number of shares distributed for employee remuneration.

If the Company's outstanding convertible corporate bonds are converted, they will not be included in the calculation of diluted earnings per share because they have an anti-dilutive effect.

XXIV. Capital risk management

The Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. The Company's capital structure consists of net liability and equity and is not subject to other external requirements for capital.

XXV. Financial instruments

(1) Fair value of financial instruments that are not measured at fair value

The Management Team of Company believe that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values.

(II) Fair value information - financial instruments 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 fair value through profit or loss				
Forward exchange agreements	$ -	$ 214	$ -	$ 214

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	Level 1	Level 2	Level 3	Total
Emerging market shares	$ -	$ -	$ 6,942	$ 6,942
Convertible bonds call options and put options, net	-	-	80	80
	$ -	$ 214	$ 7,022	$ 7,236
Financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 14,007	$ -	$ 14,007
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	$ -	$ -	$ 33,422	$ 33,422
December 31, 2022				
Financial assets at fair value through profit or loss				
Precious metals futures contracts	$ -	$ 2,257	$ -	$ 2,257
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	$ -	$ -	$ 31,727	$ 31,727

There were no transfers between Level 1 and Level 2 fair values during the years ended December 31, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

Financial assets	Financial assets at fair value through profit or loss held for trading 2023
Opening balance	$ -
Purchases	10,000
Recognized in profit or loss（Other gains and losses）	(3,058)
Ending balance	$ 6,942

Financial assets	Financial assets at fair value through other comprehensive income	
	Equity instruments	
	2023	2022
Opening balance	$ 31,727	$ 26,080
Recognized in other comprehensive income	1,695	5,647
Ending balance	$ 33,422	$ 31,727

Financial assets	Financial Liability (assets) at fair value through profit or loss
	Convertible bonds call options and put options, net
	2023
Opening balance	$ -
Additions	585
Recognized in profit or loss (Other gains and losses)	(665)
Ending balance	($ 80)

3. Valuation techniques and inputs for Level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Derivatives - precious metals futures contracts	There is no market price available as a reference for the precious metals futures contracts traded by the Company, and such contracts were estimated through valuation. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.
Derivatives - forward exchange agreements	The Company estimated the future cash flow based on the observable forward exchange rates and the exchange rates specified in the agreements at the end of the period and discounted each of them at a discount rate that could reflect each counterparty’s credit risk. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.

4. Valuation techniques and inputs for Level 3 fair value measurement

Derivative financial instruments - convertible bonds were determined using the binomial option pricing model, where the unobservable input is stock market volatility, risk-free interest rate, discount rate and liquidity risk.

For market shares of emerging stock board company, fair values were estimated on the basis of the closing price and the liquidity discount on the balance sheet date.

The fair values of unlisted stocks were estimated with reference to the trading prices and the liquidity discount.

(III) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
At fair value through profit or loss - mandatorily at fair value through profit or loss	$ 7,236	$ 2,257
Financial assets for hedging	14,007	-
Financial assets at amortized cost (Note 1)	511,734	413,870
Financial assets at fair value through other comprehensive income - investment in equity instruments	33,422	31,727
Financial liabilities		
Financial liabilities for hedging	81,032	239,060
At amortized cost (Note 2)	249,624	61,664

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, net, other receivables (including related parties), other financial assets - current, and guarantee deposits paid.

Note 2: The balance represents financial liabilities at amortized cost, including accounts payable , other payables and bonds payable.

(IV) Purpose and policy of financial risk management

The Company’s main financial instruments include notes receivable, accounts receivable, net, accounts payable, bonds payable, and lease liabilities. The Company’s Management Department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Company’s operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company adopts derivatives to avoid risk of exposure, thereby reducing the impact of these risks. The trading of derivatives is regulated by the policies approved by the Company's Board of Directors; such policies are the written principles to regulate exchange rate risk, interest rate risk, credit risk, trading of derivatives and non-derivatives, and investment with surplus liquidity. Internal auditors continue to review the compliance with the policies and the amounts exposed to such risks. The Company does not trade financial instruments (including derivatives) for speculative purposes.

Market risk

1. Exchange rate risk

The Company's silver material transactions are all denominated in non-functional currency (USD). In addition, part of the income from processing services is traded in a non-functional currency, which has resulted in exchange rate fluctuation risk. The Company has adopted derivatives, such as forward foreign exchange agreements to reduce the exchange rate risk.

Please refer to Note 29 for the carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

The Company is mainly affected by the exchange rate fluctuations of the USD, CNY, and JPY. The table below details the Company's sensitivity analysis when the exchange rate of the Company's functional currency against the USD, CNY, and JPY increased and decreased by 1%. One percent is the sensitivity rate used in reporting the exchange rate risk to the Company's key management team and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation. The table below shows the influence on profit and loss before tax when the Company's functional currency depreciated by 1% against the USD, CNY, and JPY:

	2023	2022
USD	$ 2,342	$ 771
CNY	$ 584	$ 334
JPY	$ 124	$ 249

Note: It is mainly due to the USD, CNY, and JPY (including cash and cash equivalents, accounts receivable, other receivables (including related parties), guarantee deposits paid, accounts payable, and other payables (including related parties) still in circulation on the balance sheet date, the cash flows of which have not been hedged.

The management believes that sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures. Sales denominated in USD will vary with clients' orders and spot prices.

2. Exchange rate risk

Interest rate exposures arise when the Company borrows funds at both fixed and floating interest rates. The Company diversifies the risk of interest rate changes by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities exposed to the interest rate risk on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial liabilities	$298,718	$114,676
Cash flow interest rate risk		
Financial assets		
Fair value interest rate risk	112,548	176,272

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities at floating rates, the analysis is based on the assumption that the amounts of the liabilities outstanding at the balance sheet date were all outstanding throughout the reporting period. An increase or decrease in interest rates by 1% is the sensitivity rate adopted in reporting the interest rate risk to the Company’s key management team and represents the management's assessment of the reasonable range of potential changes in interest rates.

If the interest rate increased/decreased by 1%, with all other variables remaining unchanged, it caused on impact on the Company’s net income before tax for 2023 and 2022.

(V) Other price risks

The Company signed precious metal borrowing contracts with suppliers with the prices being the quotes in the international precious metal market, plus a certain percentage of profit margin. To manage the inventory exposed to the risk of precious metals prices, the Company adopts the international precious metal borrowing contracts in the same category and quantity as the fair value risk hedging instrument for the precious metal price risk component contained in the inventory. As per the historical experience, the movements in the fair values of the designated precious metal price risk components cover the movements in prices of the overall contracts on average, so the market price risk is not significant.

Hedge accounting

The Company minimizes its fair value exposures of financial liabilities to price fluctuations of precious metals by entering into precious metal borrowing contracts and minimizes its fair value of inventory exposures to price fluctuations of precious metals by entering into precious metal futures contracts. The fair value of the precious metal borrowing transactions at the end of the reporting period is determined by the price of the precious metal. The fair value of the precious metal futures transactions at the end of the reporting period is estimated based on the spot position of the underlying assets linked to the held derivative instruments.

The above precious metal borrowing transactions and precious metals futures contracts matched the terms of financial liabilities. As per the Company 's qualitative assessment, precious metal borrowing transactions and precious metals futures contracts and the values of hedged financial items will change in reverse in a systematic manner due to the movements in the hedged international precious metal prices. The hedge ineffectiveness mainly comes from the influence of the credit risk between the Company and the counterparties on the fair values of the precious metal borrowing transactions. The credit risk will not affect the hedged items due to the movements in the fair values of the international precious metal prices. No other sources of hedge ineffectiveness appeared during the hedge period.

The information on the hedging of the risk from the movements in the international precious metal prices exposed to the Company is aggregated as follows:

December 31, 2023

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	$ 81,032	-	Financial liabilities for hedging	$ 81,032	$ -
Sell futures contracts-Silver	67,944	113.01	Financial Assets for hedging	14,007	(155)
Sell futures contracts-Silver	67,732	112.11	Financial Assets for hedging	-	1,236

Hedged items	Carrying amount Assets	Cumulative fair value adjustments Assets	Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Fair value hedge			
Inventory - Borrowing materials for hedging	$ 81,032	$ -	$ -
Inventory - futures contracts	80,570	103	103
	$161,602	$ 103	$ 103

December 31, 2022

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Liability	Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	$ 239,060	-	Financial liabilities for hedging	$ 239,060	$ -

Hedged items	Carrying amount Assets	Cumulative fair value adjustments Assets	Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Fair value hedge			
Inventory	$ 239,060	$ -	$ -

(VI) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the Company’s provision of financial guarantees is mainly from the carrying amounts of financial assets recognized in parent company only balance sheets and the maximum amount that may be payable for the financial guarantees provided.

Except for a small number of clients whose accounts receivable and overdue receivable were estimated to be irrecoverable with significant credit risks and an allowance for such losses already provide, the Company’s clients are all companies with good credit ratings. The business unit grants each of such clients a credit line based on the credit investigation results and regularly tracks their payment status; thus, no significant credit risk is expected.

The Company's receivables are significantly concentrated in certain clients, most of whom engage in similar business activities with similar economic characteristics, and their ability to perform contracts is also similarly influenced by their financial positions or other conditions, so significant credit risk concentration exists. The balance of accounts receivable from clients, on which the credit risk is significantly concentrated, (accounting for 10% or more of the balance of notes receivable, accounts receivable, and other receivables, excluding other receivables - related parties) is as follows:

Name of client	December 31, 2023	December 31, 2022
Company A	$ 87,111	$ 61,941
Company B	39,037	21,406
Company C	32,238	27,105
Company D	9,188	21,405
Company E	7,960	16,892
	$175,534	$148,749

(VII) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the operations and signs loan contracts with financial institutions to maintain an appropriate amount required for business operations. As the Company's equity in the capital structure is much greater than its liabilities, and remaining amount of bank loans is sufficient. As of December 31, 2023 and 2022, the Company's unused bank financing facilities were NT$1,662,701 thousand and NT$1,613,733 thousand, respectively. Thus, no liquidity risk was posed to the Company.

The table below lists the analysis of the Company's financial liabilities during the agreed repayment period based on the maturity dates and the undiscounted principal amounts:

	Less than 1 year	1 to 5 years	5 years or above	Total
December 31, 2023				
Accounts payable	$ 11,040	$ -	$ -	$ 11,040
Lease liabilities	7,375	28,771	88,711	124,857
Bonds payable	-	199,900	-	199,900
Other payables	48,856	-	-	48,856
Financial guarantee liabilities	260,993	-	-	260,993
	$328,264	$228,671	$ 88,711	$645,646

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December 31, 2022	Less than 1 year	1 to 5 years	5 years or above	Total
Accounts payable	$ 7,366	$ -	$ -	$ 7,366
Lease liabilities	7,482	28,953	95,904	132,339
Other payables	54,298	-	-	54,298
Financial guarantee liabilities	261,035	-	-	261,035
	$330,181	$ 28,953	$ 95,904	$455,038

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	20 years or above
December 31, 2023						
Lease liabilities	$ 7,375	$ 28,771	$ 28,771	$ 28,771	$ 28,771	$ 2,398
December 31, 2022						
Lease liabilities	$ 7,482	$ 28,953	$ 28,771	$ 28,771	$ 28,771	$ 9,591

XXVI. Related Party Transactions

The Company’s parent company is Gains Investment Corporation (with substantive control power), which held 31.86% of the Company's ordinary shares on both December 31, 2023 and 2022. The Company’s ultimate parent company is China Steel Corporation.

Except for those disclosed in other notes, transactions between the Company and related parties are as follows.

(I) Name of related party and relations therewith

Name of related party	Relations with the Company
China Steel Corporation (CSC)	Ultimate parent company
Gains Investment Corporation	Parent company
Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Sister company
C.S. Aluminium Corporation (CSAC)	Sister company
Ever Wealthy International	Sister company
China Steel Chemical Corporation	Sister company
CSC Solar Corporation	Sister company
CSGT Japan Co., Ltd. (CSGT Japan)	Sister company
China Steel Global Trading Corporation（CSGT）	Sister company
China Steel Security Corporation	Sister company
Dragon Steel Corporation	Sister company
Chung Hung Steel Corporation	Sister company
Steel Castle Technology Corporation	Sister company
Sing Da Marine Structure Corporation	Sister company

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Name of related party	Relations with the Company
Taicang Xinchang Photoelectricity Material Co., Ltd. (Taicang Xinchang)	Subsidiary
United Renewable Energy Co., Ltd.	A director of the Company

(II) Operating revenue

Account	Category of related party	2023	2022
Sales revenue	Ultimate parent company	$ 2,345	$155,019
	Sister company	10,992	45,906
	Subsidiary	9,700	15,566
		$ 23,037	$216,491

There is no similar transaction available to be used to compare with the sales revenue from part of the sales to the ultimate parent company, and there is no significant difference in the selling prices and payment terms between the transactions with the ultimate parent company and non-related parties.

(III) Purchases

Category of related party	2023	2022
Sister company	$ 13,370	$ 61,975
Ultimate parent company	2,520	4,525
Subsidiary	11,237	3,642
	$ 27,127	$ 70,142

Regarding purchases from related parties, except for the prices of the purchases from subsidiaries, without significant difference from non-related party transactions, the transaction prices cannot be compared because the same products were not purchased from a non-related party, and the payment terms are not significantly different from those for general suppliers.

(IV) Endorsements/Guarantees

Category of related party	December 31, 2023	December 31, 2022
Subsidiary		
Amount guaranteed		
Taicang Xinchang	$260,993	$261,035
Amount drawn		
Taicang Xinchang	$118,974	$145,427

(V) Loans to others

Category of related party	2023	2022
Interest income		
Subsidiary		
Taicang Xinchang	$ 798	$ 2,241

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Category of related party	2023	2022
Annual rate of interest (%)	2.48～2.53	2.53～2.8

The loans to subsidiaries during 2023 and 2022 were all unsecured.

(VI) Other related party transactions

Processing fees	2023	2022
Sister company		
CSAC	$ 31,266	$ 36,461
Ultimate parent company	76	174
	$ 31,342	$ 36,635

The Company pays processing fees to the above related parties. As no non-related party was not entrusted to provide similar product processing services, the transaction prices could not be compared. The payment terms are 30 to 60 days at the end of each month for the above related parties and 60 to 90 days at the end of each month for the non-related parties.

Research and professional services fees	2023	2022
Ultimate parent company	$ 1,660	$ 1,660
Security fees		
Sister company	$ 2,169	$ 2,073
Technical service income		
Ultimate parent company		
CSC	$ 10,000	$ 10,000

(VII) Ending balance

	December 31, 2023	December 31, 2022
Accounts receivable		
Sister company	$ 10,699	$ 36,076
Subsidiary		
Taicang Xinchang	7,960	16,892
	$ 18,659	$ 52,968
Other receivables - related party		
Subsidiary		
Taicang Xinchang	$ 101	$ 196

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	December 31, 2023	December 31, 2022
Prepayments		
Ultimate parent company	$ 294	$ -
Guarantee deposits paid		
Sister company		
CSGT Japan	$ 3,193	$ 3,417
Accounts payable		
Sister company		
CSPM	$ 6,209	$ -
Subsidiary		
Taicang Xinchang	2,446	3,519
	$ 8,655	$ 3,519
Other payables		
Sister company	$ 4,023	$ 1,497
Ultimate parent company	882	907
Parent company	186	412
A director of the Company	93	206
	$ 5,184	$ 3,022

(VIII) Remuneration to key management personnel

	2023	2022
Short-term employee benefits	$ 11,386	$ 12,400
Post-employment benefits	286	282
	$ 11,672	$ 12,682

XXVII. Pledged Assets

The Company has provided the assets below as collateral for the parent company's bank borrowing facilities, borrowings drawn by subsidiaries, dormitory leased from the Southern Taiwan Science Park Bureau, and customs import:

	December 31, 2023	December 31, 2022
Buildings	$117,916	$124,367
Pledged time deposits (recognized in other financial assets - current)	21,090	20,896
	$139,006	$145,263

XXVIII. Material Contingencies and Unrecognized Contractual Commitments

(I) As of December 31, 2023, to purchase raw materials, the Company guaranteed the amount of NT$178,680 thousand from financial institutions.

(II) As of December 31, 2023, the total price of the contracts signed by the Company to purchase property, plant and equipment, and the outstanding amount was NT$13,004 thousand.

XXIX. Information on Foreign Currency Assets and Liabilities with Significant Effect

The information below is aggregated and presented in foreign currencies other than the Company's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

Unit: In thousands in each foreign currency / exchange rate

	Foreign currency	Exchange rate		Carrying amount
December 31, 2023				
Foreign currency assets under monetary items				
USD	$ 7,636	30.705	(USD: NTD)	$ 234,456
CNY	13,486	4.327	(CNY: NTD)	58,355
JPY	57,004	0.2172	(JPY: NTD)	12,381
Foreign currency assets under non-monetary items				
Investments Using the Equity Method				
USD	1,701	30.705	(USD: NTD)	52,224
Foreign currency liabilities under monetary items				
USD	7	30.705	(USD: NTD)	225
December 31, 2022				
Foreign currency assets under monetary items				
USD	2,560	30.71	(USD: NTD)	78,607
CNY	7,671	4.408	(CNY: NTD)	33,812
JPY	107,106	0.2324	(JPY: NTD)	24,891
Foreign currency assets under non-monetary items				
Investments Using the Equity Method				
USD	2,018	30.71	(USD: NTD)	61,975
Foreign currency liabilities under monetary items				
USD	50	30.71	(USD: NTD)	1,549
CNY	85	4.408	(CNY: NTD)	375

The Company's net foreign exchange gain or loss for 2023 and 2022 was a loss of NT$5,938 thousand and a gain of NT$18,895 thousand, respectively. Due to the wide variety of foreign currencies used in transactions, it is impossible to disclose the exchange gains and losses by foreign currencies with significant influence.

XXX. Additional Disclosures

(I) Information on material transactions and (II) information on investees of 2023:

1. Loans to others. (Table 1)
2. Endorsements/Guarantees to others. (Table 2)
3. Securities held at the end of the year (investments in subsidiaries and affiliates are not included). (Table 3)
4. Securities acquired or sold at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual property at costs 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. (Table 4)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)
9. Derivatives trading. (Note 7)
10. Information on investees. (Table 5)

(II) Information on investment in Mainland China

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, profit or loss and investment income or loss recognized for this year, book value of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third region, and the price, payment term, and unrealized gains or losses:
   (1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the period: The Company's purchases from the subsidiary Taicang Xinchang during 2023 were NT$11,237 thousand (less than 1%). As of December 31, 2023, the balance of unpaid accounts payable was NT$2,446 thousand (22%). There was no significant difference in the above purchase prices and payment terms between related parties and the non-related parties.
   (2) The amount and percentage of sales and the balance and percentage of the relevant receivables at the end of the year: The Company's sales to the subsidiary Taicang Xinchang during 2023 were NT$9,700 thousand (less than 1%). As of December 31, 2023, the balance of accounts receivables not yet recovered was NT$7,960 thousand (3%). The above selling prices and payment terms are not significantly different between related parties and the non-related parties. The unrealized sales profit of NT$2,235 thousand arising from the above sales have been eliminated using the equity method.
   (3) The amount of property transactions and the amount of the resulting gains or losses. (None)
   (4) The balance of negotiable instrument endorsements or guarantees or collateral pledged at the end of the period and the purposes. (Table 2)
   (5) The highest balance, the closing balance, the interest rate range, and total current-period interest with respect to financing of funds. (Table 1)

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of labor services. (None)

(III) Information on major shareholders: The name of shareholders, each holding 5% or more of total shares, and the number and percentage of shares held. (Table 6)

XXXI. Segment Information

The Company has disclosed the segment information in the consolidated financial statements, and it may not be disclosed in the parent company only financial statements.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Loans to Others
For the Years Ended December 31, 2023

Table 1

Unit: NT$ thousand
(unless specified otherwise)

No.	Lender	Borrower	Account title	Related party status	Highest balance of this year	Ending balance (Note 1)	Amount drawn	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Limit on loan to each borrower	Total limit on loans to others	Remarks
													Name	Value			
0	The Company	Taicang TCMC, Ltd.	Other receivables	Yes	$ 106,947	$ 104,107	$ -	2.48～2.53	Note 2	$ -	To meet the need for working capital	$ -	-	$ -	$ 358,696	$ 478,261	Note3

Note 1: CNY is converted at the spot exchange rate of 1 CNY = 4.327 NTD.
Note 2: There is a need for short-term financing
Note 3: The limit of loans to an individual entity is 30% of the Company's net worth, and the total limit of loans to others is 40% of the net worth.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Endorsements/Guarantees to Others
For the Years Ended December 31, 2023

Table 2

Unit: NT$ thousand
(unless specified otherwise)

No.	Name of endorser/guarantor	Party endorsed/guaranteed		Limit of endorsements/guarantees to a single enterprise	Highest balance of endorsement/guarantee of this year	Ending balance of endorsements/guarantees (Note 2)	Amount drawn	Amount of endorsement/guarantee with property as collateral	Cumulative endorsements/guarantees provided as a % of the net worth as per the latest financial statements	Maximum limit of endorsements/guarantees	Endorsement/guarantee by the parent company to a subsidiary	Endorsement/guarantee by a subsidiary to the parent company	Endorsement/guarantee to an entity in China	Remarks
		Name of company	Relations											
0	The Company	Taicang TCMC, Ltd.	An investee whose with 50% or more of its voting shares held by the parent company and subsidiaries	$478,261	$275,613	$260,993	$118,974	$ -	21.83	$478,261	Y	N	Y	Note 1

Note 1: The limit of the Company's guarantee for a single enterprise is 40% of the net worth, and the maximum limit of endorsements/guarantees is 40% of the net worth.
Note 2: USD is converted at the spot exchange rate of 1 USD = 30.705 NTD.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Securities Held at the End of the Year
December 31, 2023

Table 3

Unit: NT$ thousand
(unless specified otherwise)

Company	Type and name of securities held	Relations with securities issuer	Account title	End of the year				Remarks
				Number of shares/units	Carrying amount	Shareholding (%)	Fair value	
The Company	Common stock Lianyou Metals Co., Ltd.	-	Financial assets at fair value through profit or loss - current	125,000	$ 6,942	0.40	$ 6,942	Note
The Company	Common stock Lianyou Metals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	601,796	33,422	1.94	33,422	Note

Note: The fair value is based on the trading price and the liquidity discount.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on Investees
For the Years Ended December 31, 2023

Table 4

Unit: NT$ thousand
(unless specified otherwise)

Name of investor	Name of investee	Location	Principal business activities	Initial investment amount		Holding at the end of the year			Profit on investees for this year	Investment income recognized for this year	Remarks
				End of this year	End of last year	Number of shares	%	Carrying amount			
The Company	Thintech Global Limited	Samoa	An investment holding company	$ 205,435	$ 205,435	6,800,000	100	$ 52,224	($ 6,889)	($ 6,889)	Note
The Company	Pro-Ascentek Investment Corporation	Taiwan	General investment	30,000	30,000	3,000,000	2.5	33,688	42,059	1,051	

Note: The Company invests in Taicang Xinchang Photoelectricity Material Co., Ltd. through TTGL.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on investment in Mainland China
For the Years Ended December 31, 2023

Table 5

Unit: NT$ thousand
(unless specified otherwise)

Name of investee	Principal business activities	Paid-in capital	Investment method (Note 3)	Cumulative investment amount remitted from Taiwan at the beginning of this year	Amount of investment remitted or recovered during this year		Cumulative investment amount remitted from Taiwan at the end of this year	Profit or loss on investees for this year	The Company's shareholding in direct or indirect investment (%)	Investment income or loss recognized for this year	Book value of investments at the end of this year	Investment income remitted back as of the end of this year	Remarks
					Outward remittance	Inward remittance							
Taicang TCMC, Ltd.	Manufacturing and sales of metal targets	$ 208,794	2	$ 208,794	$ -	$ -	$ 208,794	($ 6,889)	100.00	($ 6,889)	$ 52,224	$ -	Notes 4 and 5

Name of investor	Cumulative amount of investment from Taiwan to China at the end of this year	Amount of investment approved by the Investment Commission, MOEA (Note 1)	Limit of investment by the Company in China (Note 2)
ThinTech Materials Technology Co., Ltd.	$ 208,794	$ 208,794	$ 717,393

Note 1: It includes the Company's investment in Taicang Xinchang Photoelectricity Material Co., Ltd. in the amount of US$6,800 thousand approved by the Investment Commission, Ministry of Economic Affairs (MOEA).

Note 2: The limit of Company's investment in China is $1,195,654×60%=$717,393.

Note 3: Investment methods are divided into the three types below.

1. Direct investment in China.
2. Indirect investment in China through a third-region company (see Table 4 for third-region investment companies).
3. Other methods.

Note 4: It is recognized and disclosed based on the financial statements for the same periods audited by the Company's CPAs.

Note 5: The foreign currency amounts in the above table are converted into NTD at the exchange rate prevailing on the balance sheet date.

ThinTech Materials Technology Co., Ltd.
Information on major shareholders
December 31, 2023

Table 6

Name of major shareholder	Shares	
	Number of shares held	Shareholding (%)
Gains Investment Corporation	23,423,016	31.86
United Renewable Energy Co., Ltd.	7,000,000	9.52
Ever Wealthy International Corporation	6,119,748	8.32

Note 1: The information on major shareholders in this table is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter, in which each of the shareholders held 5% or more of the Company's ordinary shares and preferred shares with the dematerialized registration and delivery have been completed.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their shares in a trust and shares with the right to make decisions on trust property, please refer to MOPS.

§Table of Contents of Statements of Significant Account Titles§

ThinTech Materials Technology Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Statement 1

Unit: NT$ thousand
(unless specified otherwise)

Item	Annual rate of interest (%)	Period	Amount
Cash in bank			
NTD deposits			
Demand deposits			$ 55,418
Foreign currency deposits			
Demand deposits			
1,074 thousand USD and 5,580 thousand CNY (Note)			57,130
			112,548
Cash equivalents			
Bank demand deposits with initial duration of more than 3 months			
Mizuho Bank, Ltd. — 6,000 thousand CNY (Note)	2.52	112.12.27～113.03.27	25,962
Cash on hand and working capital			481
			$138,991

Note: Foreign currency exchange rates: 1 USD = 30.705 NTD; 1 CNY= 4.327 NTD.

ThinTech Materials Technology Co., Ltd.
Statement of Notes Receivable
December 31, 2023

Statement 2 | Unit: NT$ thousand

Name of client	Amount	Remarks
Non-related party		
Mercury Inc.	$113	Payment from sales
Aker Inc.	39	Payment from sales
	$152	

ThinTech Materials Technology Co., Ltd.
Statement of Net Accounts Receivable
December 31, 2023

Statement 3 Unit: NT$ thousand

Name of client	Amount	Remarks
Related party		
CSGT Japan Co., Ltd.	$ 9,188	Payment from sales
Taicang Xinchang Photoelectricity Material Co., Ltd.	7,960	Payment from sales
Others (Note)	1,511	Payment from sales
	18,659	
Non-related party		
Company A	87,111	Payment from sales
Company B	39,037	Payment from sales
Company C	32,238	Payment from sales
Others (Note)	62,537	Payment from sales
	220,923	
Less: Allowance for losses	110	
	$239,472	

Note: None of each balance exceeded 5% of the balance of this account.

ThinTech Materials Technology Co., Ltd.
Statement of Other Receivables
December 31, 2023

Statement 4 Unit: NT$ thousand

Item	Amount
Related party	
Taicang Xinchang Photoelectricity Material Co., Ltd.	$ 101
Non-related party	
Business tax refund	$ 7,499
Others	881
	$ 8,380

ThinTech Materials Technology Co., Ltd.
Statement of Inventories
December 31, 2023

Statement 5 Unit: NT$ thousand

Item	Amount		
	Cost		Market price (Note 1)
Raw materials	$379,561		$394,605
Work in progress	38,806		45,180
Semi-finished goods	118,762		138,199
Finished goods	19,485		27,952
Merchandise	6,139		7,391
Inventory in transit	8,655		8,655
	$571,408	(Note 2)	$621,982

Note 1: Please refer to Note 4 for market prices.
Note 2: It is the amount, less the allowance for inventory valuation losses of NT$50,640 thousand.

ThinTech Materials Technology Co., Ltd.
Statement of Other Financial Assets - Current
December 31, 2023

Statement 6

Unit: NT$ thousand
(unless specified otherwise)

Bank	Annual rate of interest (%)	Period	Amount	Remarks
Time deposits with the initial duration of more than 3 months				
Bank sinopac－2,000 thousand USD	5.625～5.69	112.08.15～113.02.23	$ 61,410	Note 1
Mega Bank－1,000 thousand USD	5.4	112.08.16～113.01.16	30,705	Note 1
Pledged time deposits				
Bank of Taiwan	1.44～1.575	112.02.26～113.12.20	21,090	Note 2
Deposits for projects				
Bank of Taiwan			8,121	Note 3
			$121,326	

Note1: Foreign currency exchange rates: 1 USD = 30.705 NTD.

Note2: It is provided as collateral for the rent of the dormitory of the Southern Taiwan Science Park Bureau and the customs import.

Note3: It is provided as a special account deposit for the Ministry of Economic Affairs' industrial creation project

ThinTech Materials Technology Co., Ltd.
Statement of Movements in Financial Assets at Fair Value Through Other Comprehensive Income - Non-current
For the Year Ended December 31, 2023

Statement 7

Unit: NT$ thousand
(unless specified otherwise)

Name	Beginning of the year		Increase during this year (Note 2)		Decrease during this year		End of the year		Collateral or pledge	Remarks
	Number of shares or lots	Fair value	Number of shares or lots	Amount	Number of shares or lots	Amount	Number of shares or lots	Fair value (Note 1)		
Domestic emerging market shares										
Lianyou Metals Co., Ltd.	462,920	$ 31,727	138,876	$ 1,695	-	$ -	601,796	$ 33,422	None	

Note 1: The fair value is estimated by the valuation method under Note 25.
Note 2: It includes the movements in the number of stock dividends received and the fair values.

ThinTech Materials Technology Co., Ltd.
Statement of Movements in Investments Using the Equity Method
For the Year Ended December 31, 2023

Statement 8

Unit: NT$ thousand
(unless specified otherwise)

	Opening balance		Increase during this year		Decrease during this year		The share of profit on subsidiaries and affiliates recognized for this year	Exchange differences arising from the translation of the financial statements of foreign operations	Remeasurement of defined benefit plans	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Ending balance			Net worth of equity		Collateral or pledge
	Number of shares (share)	Amount	Number of shares (share)	Amount	Number of shares (share)	Amount					Number of shares (share)	Shareholding (%)	Amount	Unit price (NTD)	Total amount	
Thintech Global Limited	6,800,000	$ 61,975	-	$ -	-	($ 1,822) (Note 1)	($ 6,889)	($ 1,040)	$ -	$ -	6,800,000	100	$ 52,224	$ 7.68	$ 52,224	None
Pro-Ascentek Investment Corporation	3,000,000	29,002	-	-	-	(782) (Note 2)	1,051	(13)	2	4,428	3,000,000	2.5	33,688	11.23	33,688	None
		$ 90,977		$ -		($ 2,604)	($ 5,838)	($ 1,053)	$ 2	$ 4,428			$ 85,912		$ 85,912	

Note 1: It is the amount, less unrealized sales profit of NT$2,235 thousand and plus realized sales profit of NT$413 thousand.
Note 2: It is the cash dividends received.

ThinTech Materials Technology Co., Ltd.
Statement of Movements in Right-of-use Assets
For the Year Ended December 31, 2023

Statement 9

Unit: NT$ thousand

Item	Opening balance	Increase	Decrease	Ending balance
Cost				
Land	$133,952	$ -	$ -	$133,952
Transportation equipment	1,021	-	-	1,021
Office equipment	411	-	-	411
	135,384	$ -	$ -	135,384
Accumulated depreciation				
Land	22,973	$ 6,053	$ -	29,026
Transportation equipment	694	192	-	886
Office equipment	289	82	-	371
	23,956	$ 6,327	$ -	30,283
	$111,428			$105,101

ThinTech Materials Technology Co., Ltd.
Statement of Accounts Payable
December 31, 2023

Statement 10 Unit: NT$ thousand

Name of supplier	Amount
Related party	
CSPM Co., Ltd.	$ 6,209
Taicang Xinchang Photoelectricity Material Co., Ltd.	2,446
	8,655
Non-related party	
Redsun Metal Corporation	1,281
Others (Note)	1,104
	2,385
	$ 11,040

Note: None of each balance exceeded 5% of the balance of this account.

ThinTech Materials Technology Co., Ltd.
Statement of Lease Liabilities
December 31, 2023

Statement 11

Unit: NT$ thousand
(unless specified otherwise)

Item	Lease period	Discount rate	Ending balance	Remarks
Land	2007.06～2041.04	1.6007	$ 108,810	
Transportation equipment	2020.03～2024.10	0.6487～0.7616	136	
Office equipment	2019.01～2024.12	5.774～6.071	44	
			108,990	
Less: Those recognized in current			5,671	
Lease liabilities - non-current			$ 103,319	

ThinTech Materials Technology Co., Ltd.
Statement of Bonds payable
For the Year Ended December 31, 2023

Statement 12

Unit: NT$ thousand
(unless specified otherwise)

Bond Item	Trustee	Period	conversion method	Annual rate of interest (%)	Total Amount	Conversion Amount	Ending balance	Undiscount amortization	Issuance cost	Amount	Guarantee agency	Remarks
Secured domestic convertible bonds	The Shanghai Commercial & Savings Bank, Ltd.	2023.03～2026.03	The creditors may request the bonds to be converted into the Corporation's ordinary shares in accordance with the terms of conversion after three months from the issue date. The Company will repay the bonds in cash at face value within 10 days after the maturity date.	2.35	$200,000	$ 100	$199,900	($ 5,535)	$ 4,637	$189,728	Bank SinoPac	Note

Note : Note 16.

ThinTech Materials Technology Co., Ltd.
Statement of Net Operating Revenue
For the Year Ended December 31, 2023

Statement 13

Unit: NT$ thousand
(unless specified otherwise)

Item	Quantity	Amount
Total operating revenue		
Sales revenue		
Sputtering targets	29,066 PCS	$ 464,358
Precious metals	63,586 公斤	1,527,240
Others (Note)		234,783
		2,226,381
Sales returns and discounts		(5,291)
		$2,221,090

Note: None of each amount exceeded 10% of the amount of this account.

ThinTech Materials Technology Co., Ltd.
Statement of Operating Costs
For the Year Ended December 31, 2023

Statement 14 | Unit: NT$ thousand

Item	Amount
Trading	
Merchandise at the beginning of the year	$ 6,156
Purchases during this year	21,211
Merchandise at the end of the year	(6,139)
Inventory in transit at the end of the year	(5,952)
Others	(204)
	15,072
Manufacturing	
Direct consumption of raw materials	
Raw materials at the beginning of the year	525,230
Purchases during this year	1,636,189
Raw materials at the end of the year	(379,561)
Inventory in transit at the end of the year	(2,703)
Raw materials sold	(1,506,486)
Others	(124)
Consumption during this year	272,545
Direct labor	70,274
Overhead	150,103
Manufacturing cost	492,922
Work in progress at the beginning of the year	21,259
Work in progress at the end of the year	(38,806)
Costs of semi-finished goods	475,375
Semi-finished goods at the beginning of the year	155,987
Purchases during this year	7,723
Semi-finished goods at the end of the year	(118,762)
Semi-finished goods sold	(23,253)
Others	(3,175)
Costs of finished goods	493,895
Finished goods at the beginning of the year	23,330
Purchases during this year	-
Finished goods at the end of the year	(19,485)
Others	(3,698)
Total cost of production and sales	494,042
Costs of raw materials sold	1,506,486
Costs of semi-finished goods sold	23,253
Processing cost	6,239
Adjustments of inventory for hedging	367
	2,030,387
Operating cost	$2,045,459

Note: The amounts of inventories at the beginning and end of the year are presented as the amount, less the allowance for inventory valuation losses.

ThinTech Materials Technology Co., Ltd.
Statement of Operating Expenses
For the Year Ended December 31, 2023

Statement 15 Unit: NT$ thousand

	Selling expenses	Administrative expenses	R&D expenses	Expected credit impairment losses	Total
Salary and wages	$ 13,037	$ 30,877	$ 11,366	$ -	$ 55,280
Freight	4,520	2	4	-	4,526
Service cost	833	5,690	3,984	-	10,507
Research cost	-	-	8,648	-	8,648
Insurance	2,049	2,821	1,109	-	5,979
Sample cost	3,172	-	-	-	3,172
Internet fee	69	4,699	38	-	4,806
Others	5,245	19,923	6,759	96	32,023
	$ 28,925	$ 64,012	$ 31,908	$ 96	$124,941

ThinTech Materials Technology Co., Ltd.
Statement of Aggregated Employee Benefits, Depreciation, and Amortization Expenses by Function
For the Years Ended December 31, 2023 and 2022

Statement 16 Unit: NT$ thousand

	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Salary and wages	$ 106,537	$ 55,280	$ 161,817	$ 120,377	$ 55,668	$ 176,045
Labor and health insurance	11,786	4,867	16,653	11,618	4,535	16,153
Pension	5,355	2,589	7,944	5,292	2,671	7,963
Remuneration to directors	-	1,845	1,845	-	2,417	2,417
Others	7,781	2,894	10,675	8,179	2,914	11,093
	$ 131,459	$ 67,475	$ 198,934	$ 145,466	$ 68,205	$ 213,671
Depreciation	$ 23,303	$ 3,853	$ 27,156	$ 25,045	$ 3,212	$ 28,257
Amortization	126	865	991	103	655	758

Note 1: The Company's number of employees was 215 and 221 during the years ended December 31, 2023 and 2022, respectively, of whom the number of directors who did not concurrently serve as employees was six during both years.

Note 2: 1. The average employee benefit expenses for 2023 and 2022 were NT$943 thousand and NT$983 thousand, respectively.

2. The average salary and wages for 2023 and 2022 were NT$774 thousand and NT$819 thousand, respectively.
3. The average employee salary increased by 5.5%.
4. There was no supervisor in place during 2023 and 2022.
5. Salary and remuneration policy

The Company adheres to the principle of internal fairness and external competitiveness to determine the remuneration to directors, managers, and employees with reference to the general standards in the industry and based on the time spent by the individuals, the responsibilities assumed, the achievement personal targets, and the performance for the positions held, and the salary and remuneration given to those in the same positions in recent years, while considering the achievement of the Company's short-term and long-term business targets, the Company's financial position, and the reasonability of the linkage between individual performance and the Company's business performance and future risks as the Company's salary and remuneration policy.

Appendix 2

2023 Consolidated Financial Statements and Independent Auditor's Report

Stock Code: 3663

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2023 and 2022

Address of the Headquarters: 8F-4 Floor, No. 140, Zhongshan North Road, Gangshan District, Kaohsiung City
Address of the Branch: No. 1, Luke 8th Road, Luzhu District, Kaohsiung City (mailing address)
Tel.: (07)695-5125

Representation Letter

Considering that the companies to be included into the consolidated financial statements of affiliates under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 for 2023 (from January 1, 2023 to December 31, 2023), and the relevant information to be disclosed in the consolidated financial statements of the affiliates has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates were prepared separately.
It is hereby certified that the information disclosed herein is true and correct.

Name of Company: ThinTech Materials Technology Co., Ltd.

Person in Charge: LEE, CHAO-HSIANG

February 16, 2024

Independent Auditor's Report

To ThinTech Materials Technology Co., Ltd.,

Audit opinion

We have audited the accompanying consolidated balance sheets of ThinTech Materials Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the years ended December 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, 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 for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the 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 (FSC) of the Republic of China.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" paragraph 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 we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Group's consolidated financial statements for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023, are stated as follows:

<u>Authenticity of revenue from sales of silver materials stored in suppliers' warehouses</u>

The Group's sales revenue of the silver materials stored in suppliers' warehouses were affected by price fluctuations in the market, and the sales revenue of the silver materials stored in suppliers' warehouses was recognized as the Group fulfilled its performance obligations when clients confirmed the spot prices. The Group's main risk arising from the sales revenue is whether the sales revenue recognized at the spot prices of the silver material stored in the suppliers' warehouses actually occurred, so we listed it as a key audit item.

We performed for the following audit procedures:

I. Learned about and tested the effectiveness of the internal control related to the recognition of sales revenue of the silver materials stored in the suppliers' warehouses;

II. Selected appropriate samples from the sales revenue from the silver materials stored in the suppliers' warehouses, and checked the spot price supporting documents and proof of receipt of payments;

III. Obtained the details of the sales returns and discounts during the year and after the balance sheet date and checked whether there were any major unusual returns and discounts.

Other Matters

The Company has also prepared the parent company-only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an audit report, along with an unqualified opinion, for reference.

Responsibilities of the management and the governing bodies for the consolidated financial statements

The management's responsibilities are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China and to maintain necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have exercised our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

I. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

II. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

III. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

IV. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

V. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.

VI. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 16, 2024

<u>Notice to Readers</u>

The accompanying consolidated 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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Balance sheets
December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 156,980	9	$ 200,915	11
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,236	-	2,257	-
1139	Financial assets for hedging - current (Notes 4 and 28)	14,007	1	-	-
1150	Notes payable (Notes 4 and 9)	1,018	-	12,702	1
1170	Accounts receivable, net (Notes 4, 9, and 29)	277,004	15	220,039	12
1200	Other receivables (Note 9)	8,384	1	8,654	-
1220	Current income tax assets (Notes 4 and 24)	35	-	1,344	-
130X	Inventory (Notes 4, 5, and 10)	655,059	36	843,693	46
1410	Prepayments (Note 11 and 29)	61,230	3	32,330	2
1476	Other financial assets - current (Notes 12 and 30)	121,326	7	20,896	1
1479	Other current assets	4,464	-	1,435	-
11XX	Total current assets	1,306,743	72	1,344,265	73
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	33,422	2	31,727	2
1550	Investments using the equity method (Notes 4 and 14)	33,688	2	29,002	2
1600	Property, plant and equipment (Notes 4, 15, and 30)	266,756	15	240,810	13
1755	Right-of-use assets (Notes 4 and 16)	117,774	6	124,672	7
1801	Computer software (Note 4)	1,406	-	212	-
1840	Deferred tax assets (Notes 4 and 24)	43,166	2	44,890	2
1920	Guarantee deposits paid (Note 29)	3,312	-	3,542	-
1975	Net defined benefit assets (Notes 4 and 20)	16,021	1	10,886	1
1990	Other non-current assets (Note 9)	1,152	-	1,757	-
15XX	Total non-current assets	516,697	28	487,498	27
1XXX	Total assets	$ 1,823,440	100	$ 1,831,763	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 17 and 30)	$ 130,892	7	$ 149,872	8
2126	Financial liabilities for hedging - current (Notes 4 and 28)	81,032	5	239,060	13
2130	Contract liabilities - current (Notes 4 and 22)	25,319	1	45,503	3
2170	Accounts payable (Note 29)	18,342	1	19,765	1
2219	Other payables (Notes 19 and 29)	56,777	3	61,856	4
2230	Current tax liabilities (Notes 4 and 24)	8,980	1	-	-
2280	Lease liabilities - current (Notes 4 and 16)	5,671	-	5,686	-
2399	Other current liabilities	1,357	-	1,449	-
21XX	Total current liabilities	328,370	18	523,191	29
	Non-current liabilities				
2530	Bonds payable(Notes 4 and 18)	189,728	10	-	-
2570	Deferred tax liabilities (Notes 4 and 24)	3,693	-	2,589	-
2580	Lease liabilities - non-current (Notes 4 and 16)	103,319	6	108,990	6
2630	Long-term unearned revenue (Notes 4 and 26)	2,676	-	2,797	-
25XX	Total non-current liabilities	299,416	16	114,376	6
2XXX	Total liabilities	627,786	34	637,567	35
	Equity attributable to owners of the Company (Note 21)				
3110	Ordinary share capital	735,012	41	734,980	40
3200	Capital surplus	352,020	19	324,681	18
	Retained earnings				
3310	Legal reserve	43,142	3	34,666	2
3320	Special reserve	-	-	3,660	-
3350	Undistributed earnings	60,830	3	95,623	5
3300	Total retained earnings	103,972	6	133,949	7
	Other equity				
3410	Exchange differences arising from the translation of the financial statements of foreign operations	(4,012)	-	(2,959)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	8,662	-	3,545	-
3400	Total other equity	4,650	-	586	-
3XXX	Total equity	1,195,654	66	1,194,196	65
	Total liabilities and equity	$ 1,823,440	100	$ 1,831,763	100

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
Unit: In NT$ thousand, except for earnings per share in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue, net (Notes 4, 20, and 29)	$2,405,119	100	$2,527,367	100
5000	Operating costs (Notes 10, 23, and 29)	2,207,149	92	2,299,543	91
5900	Gross profit	197,970	8	227,824	9
	Operating expenses (Notes 9, 20, 23, and 29)				
6100	Selling expenses	39,754	2	45,601	2
6200	Administrative expenses	78,392	3	71,765	3
6300	R&D expenses	31,908	1	25,745	1
6450	Gain on reversal of expected credit impairment	(136)	-	(173)	-
6000	Total operating expenses	149,918	6	142,938	6
6900	Net operating income	48,052	2	84,886	3
	Non-operating income and expenses (Notes 14, 23, 26, and 29)				
7100	Interest income	5,476	-	1,272	-
7010	Other income	21,402	1	12,992	1
7020	Other gains and losses	(7,903)	-	12,937	-
7050	Financial costs	(16,996)	(1)	(9,546)	-
7060	Share of profit or loss on affiliates using the equity method	1,051	-	946	-
7000	Total non-operating income and expenses	3,030	-	18,601	1
7900	Net income before tax	51,082	2	103,487	4
7950	Income tax expense (Notes 4 and 24)	11,514	-	21,484	1
8200	Net income for this year	39,568	2	82,003	3

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (Notes 14, 20, 21, and 24)				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	$ 3,681	-	$ 3,544	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	1,695	-	5,647	1
8321	Remeasurements of defined benefit plans of affiliates	2	-	(1)	-
8326	Unrealized gains or losses on affiliates' investment in equity instruments at fair value through other comprehensive income	4,428	-	(2,344)	-
8349	Income tax related to items not reclassified	(736)	-	(709)	-
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	(1,053)	-	867	-
8300	Other comprehensive income for this year (net of tax)	8,017	-	7,004	1
8500	Total comprehensive income for this year	$ 47,585	2	$ 89,007	4
8600	Net income for this year attributable to:				
8610	Owners of the Company	$ 39,568	2	$ 82,003	3
8700	Total comprehensive income for this year attributable to:				
8710	Owners of the Company	$ 47,585	2	$ 89,007	4
	Earnings per share (Note 25)				
9750	Basic	$ 0.54		$ 1.12	
9850	Diluted	0.54		1.11	

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to owners of the Company							
				Retained earnings			Other equity items		
Code		Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total equity
A1	Balance as of January 1, 2022	$ 734,980	$ 324,681	$ 27,759	$ 3,450	$ 84,127	($ 3,826)	$ 166	$ 1,171,337
	Earnings appropriation and distribution for 2021 (Note 21)								
B1	Legal reserve	-	-	6,907	-	(6,907)	-	-	-
B3	Special reserve provided	-	-	-	210	(210)	-	-	-
B5	Cash dividend	-	-	-	-	(66,148)	-	-	(66,148)
		-	-	6,907	210	(73,265)	-	-	(66,148)
D1	Net income for 2022	-	-	-	-	82,003	-	-	82,003
D3	Other comprehensive income after tax for 2022	-	-	-	-	2,834	867	3,303	7,004
D5	Total comprehensive income for 2022	-	-	-	-	84,837	867	3,303	89,007
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	(76)	-	76	-
Z1	Balance as of December 31, 2022	734,980	324,681	34,666	3,660	95,623	(2,959)	3,545	1,194,196
	Earnings appropriation and distribution for 2022 (Note 21)								
B1	Legal reserve	-	-	8,476	-	(8,476)	-	-	-
B17	Reversal of special reserve	-	-	-	-	(73,498)	-	-	(73,498)
B5	Cash dividend	-	-	-	(3,660)	3,660	-	-	-
		-	-	8,476	(3,660)	(78,314)	-	-	(73,498)
C5	Equity component of convertible bonds issued by the Company（Note 18）	-	27,277	-	-	-	-	-	27,277
D1	Net income for 2023	-	-	-	-	39,568	-	-	39,568
D3	Other comprehensive income after tax for 2023	-	-	-	-	2,947	(1,053)	6,123	8,017
D5	Total comprehensive income for 2023	-	-	-	-	42,515	(1,053)	6,123	47,585
I1	Bonds converted to ordinary shares（Note 18）	32	62	-	-	-	-	-	94
Q1	Disposal of investment in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	1,006	-	(1,006)	-
Z1	Balance as of December 31, 2023	$ 735,012	$ 352,020	$ 43,142	$ -	$ 60,830	($ 4,012)	$ 8,662	$ 1,195,654

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for this year	$ 51,082	$103,487
A20010	Income and expense items		
A20100	Depreciation expenses	35,672	38,621
A20200	Amortization expenses	2,047	3,507
A20300	Gain on reversal of expected credit impairment	(136)	(173)
A20400	Net loss on financial assets and liabilities at fair value through profit or loss	1,775	5,953
A20900	Financial costs	16,996	9,546
A21200	Interest income	(5,476)	(1,272)
A21300	Share of profit on affiliates using the equity method	(162)	-
A22300	Gain on disposal of property, plant and equipment	(1,051)	(946)
A22500	Financial costs	(129)	(296)
A23800	Losses on inventory valuation loss	5,080	1,868
A29900	Others	(70)	(71)
A30000	Net movements in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	1,477	(7,969)
A31130	Notes receivable	11,684	10,859
A31150	Accounts receivable	(56,829)	119,693
A31180	Other receivables	1,013	10,163
A31200	Inventory	183,612	(256,499)
A31230	Prepayments	(28,900)	34,547
A31240	Other current assets	(3,029)	(1,303)
A31990	Net defined benefit assets	(1,454)	(1,736)
A32120	Financial liabilities for hedging	(158,028)	76,548
A32125	Contract liabilities	(20,184)	(8,266)
A32150	Accounts payable	(1,423)	(15,032)
A32180	Other payables	(10,168)	(6,553)
A32230	Other current liabilities	(92)	464
A33000	Cash inflow from operations	23,307	115,140
A33500	Income tax returned (paid)	860	(6,976)
AAAA	Net cash inflow from operating activities	24,167	108,164

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Code		2023	2022
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	($ 10,000)	$ -
B01500	Acquisition of Financial assets for hedging	(12,823)	-
B02700	Acquisition of property, plant and equipment	(51,920)	(42,022)
B02800	Proceeds from disposal of property, plant and equipment	1,294	580
B03800	Decrease in guarantee deposits paid	230	140
B04500	Acquisition of computer software	(1,644)	-
B06500	Increase in other financial assets	(100,430)	-
B06600	Decrease in other financial assets	-	19,416
B06700	Increase in other non-current assets	(1,001)	(876)
B07500	Interest received	4,733	1,316
B07600	Dividends received from affiliates	782	1,611
B07600	Dividends received from others	162	-
BBBB	Net cash outflow from investing activities	(170,617)	(19,835)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	607,294	313,596
C00200	Decrease in short-term borrowings	(623,777)	(233,560)
C00500	Increase in short-term notes and bills payable	30,000	30,000
C00600	Decrease in short-term notes and bills payable	(30,000)	(30,000)
C01200	Proceed from bonds payable	214,263	-
C04020	Repayment of lease principal	(5,686)	(5,743)
C04500	Cash dividend paid out	(73,498)	(66,148)
C05600	Interest paid	(13,575)	(9,546)
CCCC	Net cash inflow (outflow) from financing activities	105,021	(1,401)
DDDD	Effect of movements in exchange rates on cash and cash equivalents	(2,506)	395
EEEE	Net increase (decrease) in cash and cash equivalents	(43,935)	87,323
E00100	Opening balance of cash and cash equivalents	200,915	113,592
E00200	Ending balance of cash and cash equivalents	$156,980	$200,915

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

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(In NT$ thousand, unless otherwise specified)

I. Company history

ThinTech Materials Technology Co., Ltd. (hereinafter referred to as "the Company") was incorporated in March 2000 and mainly engages in the processing and sales of a variety of thin film sputtering targets and precious metals, as well as trading of general metals.

The Company's stock has been listed on the Taipei Exchange for trading since November 20, 2012.

The consolidated financial statements are presented in the Company's functional currency, i.e., New Taiwan dollar (NTD).

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were published after being approved by the Board of Directors on February 16, 2024.

III. Application of New and Revised Standards and Interpretation

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

The application of the IFRSs endorsed and issued into effect by the FSC will not cause a material change in the Group's accounting policies.

(II) Application of IFRSs endorsed by FSC in 2024

New/amended/revised standards or interpretation	Effective date announced by IASB
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
Liabilities IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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 consolidated financial statements were authorized for issue, the Corporation

By the time the consolidated financial statements were approved to be released, the Group confirmed that the amendments to other standards and interpretations would not cause a material impact on its financial position and financial performance.

(III) The IFRSs released by the IASB 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 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs 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 approved for release, the Group has continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

(II) Basis of preparation

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

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

1. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

(III) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

(IV) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the Group's accounting policies. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. Subsidiaries' total comprehensive income is attributable to the owners of the Company and to the non-controlling interests even if this results in a deficit balance for the non-controlling interests.

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 have been 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 attributable to the owners of the Company.

See Note 13 and Tables 5 and 6 for more information on subsidiaries' statements shareholding ratios, and main business).

(V) Foreign currencies

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

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Foreign currency non-monetary items at fair value are translated at the exchange rate on the date when the fair value is determined, and the resulting exchange differences are recognized in current profit or loss; however, regarding changes in fair values recognized in other comprehensive income, the resulting exchange differences are recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When the consolidated financial statements are prepared, the assets and liabilities of the Group's foreign operations (including subsidiaries or associates operating in a country or using a currency different from that of the Company) were translated into New Taiwan dollars (NTD) at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the year's average exchange rate, and the resulting exchange differences are recognized in other comprehensive income.

(VI) Inventory

Inventory includes raw materials, supplies, work in process, semi-finished goods, finished goods, and merchandise; the value of inventory is measured at the lower of cost or net realizable value. The comparison of the cost and net realizable value is based on individual items. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average method.

(VII) Investments in affiliates

An affiliate is an entity on which the Group has significant influence and is not a subsidiary or a joint venture.

The Group adopts the equity method to account for its investments in affiliates.

Under the equity method, investments in an affiliate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss, other comprehensive income, and profit margins of the affiliate. Moreover, the Group recognizes the changes in its share of the equity of affiliates based on its shareholding.

When an affiliate issues new shares, if the Group does not subscribe in proportion to its shareholding, resulting in a change in the shareholding and, thus, an increase or decrease in the net value of the equity invested, with the increase or decrease, "capital surplus" and "investments using the equity method" will be adjusted. However, if the Company fails to subscribe for or acquire the shares in proportion to its shareholding, which results in a decrease in its ownership interests of the affiliate, the amount recognized in other comprehensive income related to the affiliate is reclassified in proportion to the decrease, and the basis of the accounting treatment is the same as the basis that the affiliate must adopt if it directly disposes of relevant assets or liabilities. If the adjustment in the preceding paragraph shall be debited to the capital surplus. If the investment using the equity method results in insufficient capital surplus, the difference shall be debited to the retained earnings.

When the Group's share of losses on an affiliate equals or exceeds its interest in the affiliate (including any carrying amount of the investment using the equity method and other long-term interests that, in substance, form part of the Group's net investment in the affiliate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said affiliate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment losses is recognized to the extent of a subsequent increase in the recoverable amount of the investment.

Profits and losses arising from counter-current, downstream, and side-stream transactions between the Group and its affiliates are recognized in the consolidated financial statements only to the extent not related to the Group's interests in the affiliates.

(VIII) Property, plant and equipment

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

Property, plant and equipment under construction are recognized at cost. The cost includes professional service expenses and the borrowing costs eligible for capitalization. The samples produced to test if such assets can function normally before they reach the status of intended use are measured at the lower of cost or net realizable value, and the sales price and cost are recognized in profit or loss. Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the status of intended use, and the depreciation shall begin.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Group shall conduct at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Computer software

The finite useful life of computer software acquired separately is measured at initial cost and subsequently at cost, less accumulated amortization. Computer software is amortized on a straight-line basis over its useful life, and the estimated useful life and amortization method are reviewed at least at the end of each year, and the effects of changes in accounting estimates are applied prospectively.

(X) Impairment of property, plant and equipment, right-of-use assets, and computer software

The Group assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use assets, and computer software at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit, to which the asset belongs. When shared assets can be apportioned to cash-generating units on a reasonable and consistent basis, they are apportioned to each cash-generating unit; otherwise, they are apportioned to the smallest group of cash-generating units.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the cash-generating unit, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

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

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Group are those measured at fair value through profit or loss and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instrument that the Group has not designated to measure at fair value through other comprehensive income and financial assets not eligible to be classified as those at amortized cost.

Financial assets measured at fair value through profit or loss are measured at fair value; the gains or losses arising from re-measurement are recognized in profit or loss. Please refer to Note 28 for the method of determining the fair value.

B. Financial assets at amortized cost

If the Group invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured at amortized cost:

a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets - current, and guarantee deposits paid) are measured at the amortized cost of the total carrying amount determined with the effective interest method, less any impairment loss; and any foreign currency exchange gains or losses are recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

a. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
b. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Credit-impaired financial assets means that the issuer or debtor has experienced material financial difficulties or default, and the debtor is likely to file for bankruptcy or other financial restructuring, or the active market for such financial assets has disappeared due to the financial difficulties.

Cash equivalents, including time deposits and bonds with a repurchase agreement, are highly liquid and readily convertible into a fixed amount of cash at any time while featuring little risk of value changes, and can be used to meet short-term cash commitments within three months from the acquisition date.

C. Investment in equity instruments at fair value through other comprehensive income

The Group may, upon initial recognition, make an irrevocable election to designate as at fair value through other comprehensive income the investment in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss at each balance sheet date.

An allowance for losses on accounts receivable is recognized on the basis of expected credit loss over the duration of the receivables. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month expected credit loss. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime expected credit loss.

The expected credit loss refers to the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime expected credit loss represents the expected credit loss from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. Internal or external information indicates that it is impossible for the debtor to settle the debt.

B. It is overdue for more than 365 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

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

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the consideration received is recognized in profit or loss. When an investment in equity instrument at fair value through other comprehensive income is derecognized in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

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

3. Financial liabilities

(1) Subsequent measurement

All the Group's financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

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

4. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5. Derivatives

Derivative contracts signed by the Group, including forward exchange agreements and precious metal futures contracts, are adopted to manage the Group's exchange rate risk and precious metal price fluctuation risk.

When a derivative contract is signed, the fair values of the derivative is recognized initially and is subsequently re-measured on the balance sheet date. The gains or losses arising from the subsequent measurement are directly recognized in profit or loss but are designated as and are effective hedging instruments. The time point at which they are recognized in profit or loss depends on the nature of the hedging. When the fair value of a derivative is a positive figure, it is classified as a financial asset, while a negative figure, it is classified as a financial liability.

If a derivative is embedded in a master asset agreement within the scope of IFRS 9 "Financial Instruments", the classification of the financial asset is determined based on the overall agreement. If a derivative is embedded in a master asset agreement for an asset that is not within the scope of IFRS 9 (e.g., embedded in a master financial liability agreement), the embedded derivative meets the definition of derivatives, and the risks and characteristics of the embedded derivative are not closely related to the risks and characteristics of the master agreement, while the hybrid agreement is not measured at fair value through profit or loss, the derivative is regarded as a separate derivative.

(XII) Hedge accounting

The Group designates some hedging instruments for fair value hedging.

The profits and losses on hedging instruments designated and in alignment with fair value hedging, and the movements in the fair values of the hedged items attributable to the hedged risks are recognized immediately in profit or loss, and are recognized under the items related to the hedged items in the consolidated statements of comprehensive income.

The Group postpones or ceases hedge accounting only to the extent that the hedge relationship no longer meets the criteria of hedge accounting, which includes the situations that a hedging instrument has expired or has been sold or the contract thereof has been terminated or exercised.

(XIII) Revenue recognition

After the Group identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

The merchandise sales revenue is from the sales of precious metals and thin film sputtering targets. Except precious metal transactions, which are recognized at spot prices, the merchandise sales revenue is recognized after it is delivered as a client has the right to set the price and use the product, assumes the main responsibility for reselling the merchandise, and bears the risk of obsolescence and debited to accounts receivable or unearned revenue (contract liabilities).

When supplying materials for outsourced processing, as the control of the ownership of the processed products has not been transferred, revenue is not recognized when the materials are supplied.

(XIV) Leasing

The Group assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract. Regarding contracts that include lease and non-lease components, the Group allocates the consideration in the contracts on the basis of relative standalone prices and handles them separately.

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

The right-of-use assets are initially measured at cost (including the initially measured amount of a lease liability, the lease payment paid before the lease commencement date, less lease incentives received, and the initial direct cost) and subsequently measured at cost, less accumulated depreciation, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payment (including fixed payments and variable lease payments subject to an index or rate). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes during the lease term or the index or rate used to determine lease payments lead to changes in future lease payments, the Group 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 has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(XV) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in decrease in relevant costs on a systematic basis during the periods, in which the Group recognize the relevant costs, for which the grants are intended to compensate, as expenses. Government grants on a condition that they are used by subsidiaries to purchase, construct, or acquire non-current assets by other means are recognized in deferred revenue and are reclassified to profit or loss during the useful lives of the relevant assets on a reasonable and systematic basis.

If the government grants are used to compensate for expenses or losses that have already occurred, or to provide immediate financial support to the Group and has no future related costs, it can be recognized in profit or loss in the period when it is received.

(XVI) Employee benefits

1. Short-term employee benefits

   Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service costs and net interest on net defined benefit assets are recognized in employee benefit expenses when incurred. The remeasurement (including actuarial gains and losses and plan asset remuneration net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss after the balance sheet date.

The net defined benefit assets are the surplus of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

(XVII) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Current income tax expenses

The Group determines the current income (loss) in accordance with the laws and regulations formulated by the authority in the jurisdiction to which an income tax turn should be filed and calculates the payable (recoverable) income tax accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income. All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are recognized when it is probable that future taxable income will be available against the income tax credits arising from the deductible temporary differences and carryforward of the unused losses.

Taxable temporary differences associated with investments in subsidiaries or affiliates are recognized in deferred liabilities, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from the deductible temporary differences related to said investments are recognized in deferred tax assets only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would ensue in a manner expected by the Group at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes

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

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Group adopts accounting policies, the management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The management will continue to review the estimates and basic assumptions. If a revision of an estimate affects only the current year, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current year and future periods, it is recognized in the year in which it is revised and in the future periods.

Inventory valuation

As the inventory is valuated at the lower of cost or net realizable value, the Group must exercise judgment and make estimation to determine the net realizable value of the inventory at the end of the financial reporting period. As the net realizable value of the inventory is estimated mainly based on the product selling price, significant changes may occur.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 537	$ 658
Demand deposits in banks	115,336	183,947
Cash equivalents		
Bank demand deposits with initial duration of more than 3 months	41,107	16,310
	$156,980	$200,915

VII. Financial instruments at fair value through profit or loss

Financial assets - current	December 31, 2023	December 31, 2022
Mandatorily at fair value through profit or loss		
Derivatives (not designated for hedging)		
Precious metals futures contracts	$ -	$ 2,257
Forward exchange agreements	214	-

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	December 31, 2023	December 31, 2022
Domestic emerging market shares	$ 6,942	$ -
Convertible bonds call options and put options,net (Note 18)	80	-
	$ 7,236	$ 2,257

The Company's trading of precious metals futures contracts mainly aims to cope with the risks arising from changes in international precious metal prices. The Company's financial hedging strategy is to cope with most of the changes in fair values. Due to the failure to adopt hedge accounting, a loss of NT$233 thousand was incurred during 2022, recognized in the financial assets at fair value through profit or loss and liabilities. As of December 31, 2022, all precious metals futures contracts have been due and settled. For unexpired precious metal futures contracts applicable to hedging accounting, please refer to Note 28.

The trading of the Company's forward exchange agreements mainly aims to hedge the risks of foreign-currency assets and liabilities due to exchange rate fluctuations. Due to the failure to adopt hedge accounting, losses of NT$566 thousand and NT$5,720 thousand were incurred during 2023 and 2022, respectively, recognized in the financial assets at fair value through profit or loss and liabilities. As of December 31, 2022, all forward exchange agreements have been due and settled.

At the consolidated balance sheet date, the outstanding forward exchange agreements are as follows:

	Currency	Due period	Contract amount (in thousands of dollars)
December 31, 2023			
Forward exchange agreements	From USD to NTD	2024.01	USD300／NTD9,402

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
Emerging market shares	$ 33,422	$ -
Unlisted stocks	-	31,727
	$ 33,422	$ 31,727

The Group invests in the domestic stocks in alignment with the medium- and long-term strategic purposes and anticipates to make profits through long-term investment. The Group's management believes that if the short-term fair value fluctuations of such investments are recognized in profit or loss, it is inconsistent with the afore-mentioned long-term investment strategy, so it has chosen to designate such investments as at fair value through other comprehensive income.

IX. Notes and accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable (from operations)		
At amortized cost	$ 1,018	$ 12,702
Accounts receivable		
At amortized cost		
Total carrying amount	$277,197	$220,193
Less: Allowance for losses	193	154
	$277,004	$220,039
Other receivables		
Business tax refund	$ 7,499	$ 8,519
Others	885	135
	$ 8,384	$ 8,654
Overdue receivables collected (recognized in other non-current assets)		
At amortized cost		
Total carrying amount	$ 14,855	$ 15,308
Less: Allowance for losses	14,855	15,308
	$ -	$ -

(I) Notes and accounts receivable

The Group's average credit periods for the sales and the production of silver materials are net 7–10 days and 30–120 days after the end of each month, respectively.

The Group prudently assesses its clients, which are companies or institutions with good credit ratings and without significant credit risk expected. However, the Group has an issue of significant client concentration, so the credit concentration risk is high.

To mitigate credit risk, the Group's management assigns a team dedicated to determining and approving clients' credit lines and carrying out other monitoring procedures to ensure that appropriate actions have been taken to recover overdue account receivables. In addition, the Group will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Group's management believes that its credit risk has been significantly reduced.

The Group recognizes an allowance for losses on accounts receivable on the basis of lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, and industry outlook. Based on the Group's history of credit losses, as there was no significant difference in the loss patterns among different groups of clients, the groups of clients were not further differentiated in the provision matrix, and only expected credit loss ratio was set based on the number of days for which accounts receivable was past due.

When there was evidence indicating that the counterparty was in severe financial difficulty and the Group could not reasonably expect the amount to be recovered, the Group would write off relevant accounts receivable and continued to collect the overdue receivables. The receivable recovered was recognized in profit or loss.

The table below shows the allowance for losses on notes and accounts receivable based on the Group's provision matrix:

December 31, 2023

	Not past due	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–180 days	Identified individually	Total
Total carrying amount	$ 265,056	$ 3,443	$ 9,716	$ -	$ -	$ 278,215
Allowance for losses (lifetime expected credit losses)	-	-	(193)	-	-	(193)
Amortized cost	$ 265,056	$ 3,443	$ 9,523	$ -	$ -	$ 278,022

December 31, 2022

	Not past due	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–180 days	Identified individually	Total
Total carrying amount	$ 218,200	$ 11,255	$ 2,547	$ 893	$ -	$ 232,895
Allowance for losses (lifetime expected credit losses)	-	(21)	(51)	(82)	-	(154)
Amortized cost	$ 218,200	$ 11,234	$ 2,496	$ 811	$ -	$ 232,741

Movements in the allowance for losses on accounts receivable and overdue receivables are as follows

	2023		2022	
	Accounts receivable	Overdue receivables	Accounts receivable	Overdue receivables
Opening balance	$ 154	$ 15,308	$ 18	$ 15,390
Provision (reversal) during this year	39	(175)	136	(309)
Foreign currency translation difference	-	(278)	-	227
Ending balance	$ 193	$ 14,855	$ 154	$ 15,308

(II) Other receivables

The Group's allowance for losses is provided by estimating the amount that cannot be recovered based on the historical experience, clients' past default records, and their current financial position. As of December 31, 2023 and 2022, there was no balance of an allowance for losses provided.

X. Inventory

	December 31, 2023	December 31, 2022
Raw materials and supplies	$393,184	$535,525
Work in progress	41,434	27,102
Semi-finished goods	179,512	223,611
Finished goods	25,310	43,103
Merchandise	6,964	7,911
Inventory in transit	8,655	6,441
	$655,059	$843,693

The costs of sales related to inventories for 2023 and 2022 were NT$2,207,149 thousand and NT$2,299,543 thousand, respectively.

The costs of sales for 2023 and 2022, respectively, included an inventory valuation loss of NT$5,068 thousand and NT$1,868 thousand.

XI. Prepayments

	December 31, 2023	December 31, 2022
Prepayments to suppliers	$ 48,717	$ 23,571
Prepaid expenses	12,513	7,685
Excess Business Tax paid	-	1,074
	$ 61,230	$ 32,330

XII. Other Financial Assets - Current

	December 31, 2023	December 31, 2022
Time deposits with the initial duration of more than 3 months	$ 92,115	$ -
Pledged time deposits (Note 30)	21,090	20,896
Deposits for projects	8,121	-
	$121,326	$ 20,896

XIII. Subsidiary

Entities covered by the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Nature of business	Shareholding (%) December 31, 2023	Shareholding (%) December 31, 2022
The Company	Thintech Global Limited (TTGL)	An investment holding company	100	100
TTGL	Taicang TCMC, Ltd. (Taicang TCMC)	Manufacturing and sales of metal targets	100	100

In order to strengthen the group's operating synergy and resource integration, the company passed the shareholders' meeting resolution in June 2023 to acquire 70% equity of Changzhou China Steel Precision Materials Co., Ltd. (CSPM), a subsidiary of China Steel Corporation (CSC). The acquisition consideration is as follows:

(1) The company plans to acquire a 35% stake in CSPM from China Steel Asia Pacific Holdings Pte. Ltd., a subsidiary of CSC, for US$23,168 thousand.

(2) The company plans to issue 27,471 thousand new shares of common stock and conduct a share exchange with OmniGains Investment Corporation (OmniGains), a subsidiary of Gains Investment Co. The share exchange ratio is 1.18571427 common shares of the company for every 1 share of OmniGains common stock. The company will indirectly acquire 35% equity of CSPM.

The above-mentioned are subject to approval by the competent authorities in 2024.

XIV. Investments Using the Equity Method

	December 31, 2023	December 31, 2022
Investments in affiliates		
Individually immaterial affiliates	$ 33,688	$ 29,002

The relevant information on the above affiliates that are individually immaterial affiliates is as follows:

	2023	2022
The Company’s share		
Net income for this year	$ 1,051	$ 946
Other comprehensive income	4,430	(2,345)
Total comprehensive income	$ 5,481	($ 1,399)

The Group's total shareholdings in the investees valuated using the equity method and the parent company, China Steel Corporation, and its sister companies reach 20% or more, so they are valuated using the equity method.

XV. Property, plant and equipment

2023

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
Cost							
Balance as of January 1, 2023	$ 373,689	$ 439,011	$ 20,264	$ 25,622	$ 66,780	$ 26,181	$ 951,547
Additions	8,248	22,859	-	1,009	3,268	21,625	57,009
Disposal	(2)	(14,187)	-	(128)	(1,629)	-	(15,946)
Net exchange difference	(1,333)	(1,006)	(50)	(42)	(351)	-	(2,782)
Balance as of December 31, 2023	380,602	446,677	20,214	26,461	68,068	47,806	989,828
Accumulated depreciation and impairment							
Balance as of January 1, 2023	203,587	408,550	16,532	20,019	62,049	-	710,737
Depreciation	13,336	10,524	1,364	2,081	1,707	-	29,012
Disposal	-	(13,024)	-	(128)	(1,629)	-	(14,781)
Net exchange difference	(767)	(740)	(29)	(40)	(320)	-	(1,896)
Balance as of December 31, 2023	216,156	405,310	17,867	21,932	61,807	-	723,072
Net amount as of December 31, 2023	$ 164,446	$ 41,367	$ 2,347	$ 4,529	$ 6,261	$ 47,806	$ 266,756

2022

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be accepted	Total
Cost							
Balance as of January 1, 2022	$ 372,004	$ 458,571	$ 17,966	$ 21,376	$ 65,740	$ -	$ 935,657
Additions	635	5,791	2,449	4,726	1,265	26,181	41,047
Disposal	-	(26,164)	(171)	(514)	(508)	-	(27,357)
Net exchange difference	1,050	813	20	34	283	-	2,200
Balance as of December 31, 2022	373,689	439,011	20,264	25,622	66,780	26,181	951,547
Accumulated depreciation and impairment							
Balance as of January 1, 2022	190,149	420,122	14,975	19,316	60,201	-	704,763
Depreciation	12,962	13,963	1,682	1,184	2,019	-	31,810
Disposal	-	(26,011)	(139)	(512)	(411)	-	(27,073)
Net exchange difference	476	476	14	31	240	-	1,237
Balance as of December 31, 2022	203,587	408,550	16,532	20,019	62,049	-	710,737
Net amount as of December 31, 2022	$ 170,102	$ 30,461	$ 3,732	$ 5,603	$ 4,731	$ 26,181	$ 240,810

Based on the business strategy plan, as the recoverable amount of the Company's equipment for producing silver powder and conductive adhesive was lower than its book value, it was recognized in impairment losses. As of December 31, 2023, the cumulative impairment of the equipment was NT$1,615 thousand.

The Group's property, plant and equipment are depreciated on a straight-line basis over the useful lives below:

Buildings	2 to 35 years
Machinery equipment	2 to 16 years
Transportation equipment	4 to 8 years
Office equipment	2 to 5 years
Other equipment	2 to 11 years

Please refer to Note 16 for the information on the locations of the Group's plants leased from the government.

Please refer to Note 30 for the amount of property, plant and equipment provided by the Company as collateral for borrowings.

XVI. Lease agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	$117,599	$124,224
Transportation equipment	135	326
Office equipment	40	122
	$117,774	$124,672

	2023	2022
Additions to right-of-use assets	$ -	$ 6,461
Right-of-use asset depreciation expenses		
Land	$ 6,386	$ 6,389
Transportation equipment	192	340
Office equipment	82	82
	$ 6,660	$ 6,811

In addition to the additions and those recognized in depreciation expenses above, the Group's right-of-use assets were not significantly subleased or impaired during 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 5,671	$ 5,686
Non-current	$103,319	$108,990

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	1.6007	1.6007
Transportation equipment	0.6487～0.7616	0.6487～0.7616
Office equipment	5.774～6.071	5.774～6.071

(III) Major lease activities and terms

The Company has leased land from the government in the Kaohsiung Industrial Park in the Southern Taiwan Science Park. The lease term will expire in May 2027. According to the lease agreement, the Company may sign a new agreement with the government when the lease term ends, but the government may adjust the rent when the assessed present value increases and may terminate the lease under certain conditions.

The land use right acquired by the Company's subsidiary, Taicang TCMC, in September 2012 in mainland China, with a useful life of 50 years will expire in September 2062.

(IV) Other lease information

	2023	2022
Short-term lease and low-value asset lease expenses	$ 389	$ 432
Total cash outflows from leases	$ 7,871	$ 8,064

The Group has elected to apply the recognition exemptions to the leases of buildings, transportation equipment and other equipment that qualify as short-term and low-value asset leases and does not recognize such leases in relevant right-of-use assets and lease liabilities.

XVII. Short-term Borrowings

	December 31, 2023	December 31, 2022
Secured bank borrowings	$118,993	$145,464
Unsecured bank borrowings	11,899	4,408
	$130,892	$149,872
Annual rate of interest (%)		
Secured borrowings	3.8～4.49	3.5～3.52
Unsecured borrowings	3.8	4.35

XVIII. BONDS PAYABLE

	December 31, 2023
(1) Liability component	
1. Proceeds from issuance	$199,900
Deduction: Discount of corporate bonds payable	8,956
Issuance cost of bonds payable	4,637
Original amortized cost	186,307
Addition: Discount amortization	3,421
Amortized cost	$189,728
2. Financial assets at FVTPL：call and put options	$ 80

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		December 31, 2023
(2)	Components of equity	
	Common stock options	$ 27,956
	Deduction: Issuance cost - stock option	679
	Original capital surplus-stock options	27,277
	Deduction: Converted into ordinary shares	13
	Capital surplus-stock options	$ 27,264

In March 2023, the Corporation issued secured domestic convertible bonds at par and conducted public underwriting through bidding auction, The issuance price was NT109.8, total amount issued was NT$219,595 thousand with a face value of NT$100 thousand each, zero coupon rate and issuance period of 3 years from March 2023 to March 2026. Bank SinoPac acted as guarantee banks. The creditors may request the bonds to be converted into the Corporation's ordinary shares in accordance with the terms of conversion after three months from the issue date.(except for the prescribed relevant transfer period). The holder of each unit of corporate bonds has the right to convert into ordinary shares of the company at NT$30.9 per share. After the conversion price is determined, if there is an ex-right or ex-dividend, it should be adjusted according to the conversion price adjustment formula. As of December 31, 2023, the conversion price will be adjusted to NT$30.1. After two years from the issue date, the bondholders may request the Company to redeem the bond in cash at 100.5006% of the par value (yield to put of 0.25% per annum) within 5 business days after the benchmark date. From the day following the 3-month issuance period to 40 days before the expiration date, if the closing price of the Company's ordinary shares exceeds the conversion price by 30% for 30 consecutive business days or when the outstanding balance of bonds is less than 10% of the total face value of the original issue, the Company may redeem the outstanding convertible bonds in cash at face value within 5 business days after the benchmark date. As of December 31, 2023, the conversion situation of the third convertible corporate bonds by the company situation was as follows:

	December 31, 2023
The conversion and redemption situation	
Number of ordinary shares converted from bonds (in thousands)	3
Amount of ordinary shares converted from bonds	$ 32
Face amount of corporate bonds that have been converted	100
Write-off capital surplus - redemption	13
Capital reserve generated - conversion premium from bonds	75

The derivatives embedded in the bonds, including put options and redemption options were recognized separately from the host contract - corporate bonds as financial instruments at fair value through profit or loss (Note 7) and measured at fair value in accordance with IAS 32 and IFRS 9.

XIX. Other payables

	December 31, 2023	December 31, 2022
Salary and wages and bonuses payable	$ 16,260	$ 21,929
Employee remuneration and directors' remuneration payable	3,346	7,827
Processing fees payable	5,770	5,815
Purchase of equipment	5,090	-
Information payment	3,447	1,821
Consumable costs payable	4,355	4,656
Commission payable	2,091	3,510
Pension payable	2,022	3,115
Others	14,396	13,183
	$ 56,777	$ 61,856

XX. Post-employment benefit plans

(I) Defined contribution pension plan

The Company adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

Subsidiary, Taicang TCMC, contributes to the pension insurance funds managed by relevant government departments in accordance with the laws and regulations of mainland China.

(II) Defined benefit plan

The pension scheme adopted by the Company in accordance with the Labor Standards Act of R.O.C. is a government-managed defined benefit pension plan. The payment for employee pensions is calculated based on the length of service and the average salary in the six months prior to the approved retirement date. The Company makes a contribution, equal to a certain percentage of the total monthly employee salaries, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account is inadequate to pay for the retirement benefits to employees who meet the retirement requirements in the following year, the Group will make a contribution to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence its investment management strategy.

The amounts included in the consolidated balance sheets in respect of such defined benefit plans are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 15,382	$ 18,903
Fair value of plan assets	(31,403)	(29,789)
Net defined benefit assets	($ 16,021)	($ 10,886)

The movements in the net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2022	$ 20,339	($ 25,945)	($ 5,606)
Service costs			
Interest expense (income)	102	(134)	(32)
Recognized in profit or loss	102	(134)	(32)
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(2,006)	(2,006)
Actuarial gain - changes in financial assumptions	(1,758)	-	(1,758)
Actuarial loss - experience adjustments	220	-	220
Recognized in other comprehensive income	(1,538)	(2,006)	(3,544)
Employer's contributions	-	(1,704)	(1,704)
Balance as of December 31, 2022	18,903	(29,789)	(10,886)
Service costs			
Interest expense (income)	284	(460)	(176)
Recognized in profit or loss	284	(460)	(176)
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(173)	(173)
Actuarial gain - changes in financial assumptions	209	-	209
Actuarial gain - experience adjustments	(3,717)	-	(3,717)
Recognized in other comprehensive income	(3,508)	(173)	(3,681)
Employer's contributions	-	(1,278)	(1,278)
Benefits paid	(297)	297	-
	(297)	(981)	(1,278)
Balance as of December 31, 2023	$ 15,382	($ 31,403)	($ 16,021)

The amount of the defined benefit plan recognized in profit or loss aggregated by function is as follows:

	2023	2022
Administrative expenses	($176)	($ 32)

The Company is exposed to the risks below due to the pension system under the Labor Standards Act:

1. Investment risk

   The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the income from the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for two-year time deposits.

2. Exchange rate risk

   Interest risk: A decrease in the interest rate in the government bonds/corporate bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.

3. Salary risk

   The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Company's defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	1.375	1.500
Expected salary increase (%)	3.50	3.50
Turnover rate (%)	3.0～11.0	3.0～11.0

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($416)	($534)
Decrease by 0.25%	$431	$555

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	December 31, 2023	December 31, 2022
Expected salary increase (%)		
Increase by 0.25%	$415	$535
Decrease by 0.25%	($403)	($518)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
The amount expected to be contributed to the plan in a year	$ -	$ 1,764
The weighted average duration of the defined benefit obligations	11 years	11.5 years

XXI. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Authorized number of shares (in thousands)	150,000	100,000
Authorized share capital	$1,500,000	$1,000,000
Number of shares issued and fully paid (in thousands)	73,501	73,498
Share capital publicly offered	$ 589,601	$ 589,569
Share capital through private placement		
Initial share capital publicly offered	140,000	140,000
Share capital received due to capitalization of earnings	5,411	5,411
	145,411	145,411
Share capital already publicly offered	$ 735,012	$ 734,980

As of December 31, 2023, applications have been made to convert corporate bonds with a face value of 100 thousand into 3 thousand ordinary shares of the company. The base date for capital increase is November 2, 2023, and the change registration has been completed.

To enrich the working capital, repay debts, and attract strategic investors, the Company conducted a private placement of 7,000,000 ordinary shares in 2010 and 2011, respectively, at the issue prices of NT$16 and NT$35.7, respectively. The difference between the par value and the issue price was recognized in "capital surplus - additional paid-in capital".

In principle, the rights and obligations of the ordinary shares in the private placements are the same as those of the ordinary shares issued by the Company.

(II) Capital surplus

	December 31, 2023	December 31, 2022
For loss make-up, payment in cash or capitalization as equity (Note)		
Additional paid-in capital - issuance of shares	$283,336	$283,336
Additional paid-in capital - conversion of corporate bonds	39,882	39,807
Stock options invalidated	1,469	1,469
Treasury shares traded	69	69
May not be used for any purpose		
Convertible corporate debt options	27,264	-
	$352,020	$324,681

Note: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(III) Retained earnings and dividend policy

As per the earnings distribution policy, where the Company makes a profit for a fiscal year, the profit shall be first used for paying the tax in accordance with the laws and regulations, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations; and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution.

The industry, in which Company is in, is still growing. We must take into account the current and future operating conditions and focus on the stability of dividends when drawing up a dividend policy. When the Company has cumulative distributable earnings, the amount to be distributed shall not be lower than 50%, of which the cash dividends to be distributed shall not be lower than 50% of the total amount to be distributed.

The legal reserve may be used to offset losses. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out in cash.

The 2022 and 2021 earnings distribution proposals approved by the resolution of the Company's general shareholders' meetings in June 2023 and August 2022 are as follows:

	Earnings distribution proposals		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal reserve	$ 8,476	$ 6,907		
Provision (reversal) of special reserve	(3,660)	210		
Cash dividend	73,498	66,148	$ 1.0	$ 0.9
	$ 78,314	$ 73,265		

The 2023 earnings distribution proposal made by the Board of Directors in February 2024 is as follows:

	Earnings distribution proposals	Dividend per share (NTD)
Legal reserve	$ 4,352	
Cash dividend	44,101	$ 0.6
	$ 48,453	

The 2023 earnings distribution proposal is pending a resolution by the general shareholders' meeting scheduled to be held in April 2024.

(IV) Other equity items

1. Exchange differences arising from the translation of the financial statements of foreign operations

	2023	2022
Opening balance	($ 2,959)	($ 3,826)
Exchange differences arising from the translation of the financial statements of foreign operations	(1,053)	867
Ending balance	($ 4,012)	($ 2,959)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	2023	2022
Opening balance	$ 3,545	$ 166
Incurred during the year		
Equity instruments - unrealized gains and losses	1,695	5,647

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	2023	2022
Shares of affiliates using the equity method	$ 4,428	($ 2,344)
Cumulative gains and losses from the disposal of equity instruments by affiliates transferred to retained earnings	(1,006)	76
Ending balance	$ 8,662	$ 3,545

XXII. Revenue

	2023	2022
Revenue from customer contracts		
Merchandise sales revenue	$2,405,119	$2,527,367

(I) Balance of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 1,018	$ 12,702	$ 23,561
Accounts receivable	$277,004	$220,039	$339,559
Contract liabilities - current			
Merchandise sales	$ 1,770	$ 11,165	$ 13,138
Collection of clients' scrapped targets in advance	23,549	34,338	40,631
	$ 25,319	$ 45,503	$ 53,769

The movements in contract liabilities mainly arise from the difference between the point at which performance obligations are satisfied and the point at which clients pay.

The amounts of contract liabilities from the beginning of the year recognized in revenue for this year are as follows:

	2023	2022
Merchandise sales revenue	$10,981	$13,021

(II) Details of revenue from customer contracts

2023

Major regional markets	The Company	Taicang TCMC	Total
Taiwan	$ 2,108,781	$ 10,673	$ 2,119,454
Asia	77,898	164,251	242,149
The Americas	24,711	-	24,711
Europe	-	18,805	18,805
	$ 2,211,390	$ 193,729	$ 2,405,119

Major products	The Company	Taicang TCMC	Total
Precious metals	$ 1,527,240	$ 4,968	$ 1,532,208
Sputtering targets	449,367	170,119	619,486
Others	234,783	18,642	253,425
	$ 2,211,390	$ 193,729	$ 2,405,119

2022

Major regional markets	The Company	Taicang TCMC	Total
Taiwan	$ 2,161,512	$ 15,176	$ 2,176,688
Asia	76,946	229,263	306,209
The Americas	34,585	-	34,585
Europe	-	9,885	9,885
	$ 2,273,043	$ 254,324	$ 2,527,367

Major products	The Company	Taicang TCMC	Total
Precious metals	$ 1,521,485	$ 1,938	$ 1,523,423
Sputtering targets	457,932	207,025	664,957
Others	293,626	45,361	338,987
	$ 2,273,043	$ 254,324	$ 2,527,367

XXIII. Net income before tax

Net income before tax includes the following components:

(I) Other income

	2023	2022
Technical service income	$ 10,000	$ 10,000
Grant income	10,552	1,581
Others	850	1,411
	$ 21,402	$ 12,992

(II) Other gains and losses

	2023	2022
Net foreign exchange gain or loss	($ 6,186)	$ 18,983
Gain on disposal of property, plant and equipment	129	296
Net gain or loss on financial assets and liabilities at fair value through profit or loss	(2,959)	(5,953)
Hedging ineffectiveness gains and losses		
The ineffective part of fair value hedging	1,184	-
Others	(71)	(389)
	($ 7,903)	$ 12,937

The above net foreign exchange gains and losses are as follows:

	2023	2022
Total foreign exchange gains	$ 11,616	$ 26,003
Total foreign exchange losses	(17,802)	(7,020)
Net gains or losses	($ 6,186)	$ 18,983

(III) Financial costs

	2023	2022
Interest on bank borrowings	$ 5,746	$ 3,829
Interest on silver materials borrowed	6,020	3,820
Interest on the lease liabilities	1,796	1,889
Convertible corporate bond interest	3,421	-
Other interest expenses	13	8
	$ 16,996	$ 9,546

(IV) Depreciation and amortization

	2023	2022
Depreciation		
Property, plant and equipment	$ 29,012	$ 31,810
Right-of-use assets	6,660	6,811
	$ 35,672	$ 38,621
Amortization		
Computer software	$ 450	$ 142
Others	1,597	3,365
	$ 2,047	$ 3,507

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	2023	2022
Depreciation aggregated by function		
Operating cost	$ 30,343	$ 34,026
Operating expense	5,329	4,595
	$ 35,672	$ 38,621
Amortization aggregated by function		
Operating cost	$ 1,058	$ 2,750
Operating expense	989	757
	$ 2,047	$ 3,507

(V) Employee benefit expenses

	2023	2022
Short-term employee benefits		
Salary and wages	$180,129	$198,679
Labor and health insurance	17,408	16,972
Others	13,045	13,715
	210,582	229,366
Post-employment benefits (Note 20)		
Defined contribution pension plan	10,089	9,983
Defined benefit plan	(176)	(32)
	9,913	9,951
Termination benefits		
Other employee benefits	2,140	-
	$222,635	$239,317
Aggregated by function		
Operating cost	$144,279	$161,113
Operating expense	78,356	78,204
	$222,635	$239,317

The Company offsets the cumulative deficit with the income before tax, less employee remuneration and directors' remuneration, for the year and then distributes no lower than 0.1% of the balance as employee remuneration and no higher than 0.1% of the balance as directors' remuneration. The estimated 2023 and 2022 employee remuneration and directors' remuneration are as follows:

	2023	2022
Employee remuneration	$ 2,994	$ 7,003
Directors' remuneration	352	824

The Company's 2023 and 2022 employee remuneration and directors' remuneration resolved by the Board of Directors in February 2024 and February 2023, respectively (all paid out in cash) are as follows:

	2023	2022
Employee remuneration	$ 2,993	$ 6,561
Directors' remuneration	352	772

If there is a change in the amount after the release date of the annual consolidated financial statements are approved, the change will be accounted for as a change in accounting estimate and the adjustment accounted for in the following year.

The amounts of the employee remuneration and directors' remuneration resolved by the Board of Directors in February 2022 and February 2023 were different from those recognized in the 2023 and 2022 consolidated financial statements. The differences were adjusted for the 2023 and 2022 profit and loss, respectively.

	2022		2021	
	Employee remuneration	Directors' remuneration	Employee remuneration	Directors' remuneration
Amount to be distributed by the resolution of the Board of Directors	$ 6,561	$ 772	$ 5,372	$ 632
Amounts recognized in the annual consolidated financial statements	$ 7,003	$ 824	$ 5,169	$ 608

For information on the remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

XXIV. Income tax

(I) Income tax recognized in profit or loss

	2023	2022
Current income tax expenses		
Incurred during this year	$ 9,044	$ -
Income tax on unappropriated earnings	323	-
Adjustment to the prior years	55	6,627
	9,422	6,627

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	2023	2022
Deferred tax		
Incurred during this year	$ 1,615	$ 20,568
Adjustment to the prior years	477	(5,711)
	2,092	14,857
	$ 11,514	$ 21,484

The reconciliation of accounting profit and income tax expense is as follows:

	2023	2022
Net income before tax	$ 51,082	$ 103,487
Income tax expense calculated based on statutory tax rate for pre-tax income	$ 10,216	$ 20,697
Profit or loss recognized for tax	443	(129)
Income tax on unappropriated earnings	323	-
Income tax adjustments in prior years	532	916
	$ 11,514	$ 21,484

(II) Income tax expense recognized in other comprehensive income

Deferred tax	2023	2022
Remeasurement of defined benefit plans	$ 736	$ 709

(III) Current tax assets

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ 35	$ 1,344
Current tax liabilities		
Income tax payable	$ 8,980	$ -

(IV) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

2023

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Loss carryforwards	$ 5,906	($ 5,906)	$ -	$ -
Overseas investment losses recognized using the equity method	28,661	1,378	-	30,039
Allowance for inventory valuation losses	9,197	931	-	10,128
Impairment losses on non-financial assets	438	(115)	-	323
Unrealized exchange loss	261	1,845	-	2,106
Others	427	143	-	570
	$ 44,890	($ 1,724)	$ -	$ 43,166

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Defined benefit pension plan	$ 2,177	$ 291	$ 736	$ 3,204
Others	412	77	-	489
	$ 2,589	$ 368	$ 736	$ 3,693

2022

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Loss carryforwards	$ 22,370	($ 16,464)	$ -	$ 5,906
Overseas investment losses recognized using the equity method	29,960	(1,299)	-	28,661
Allowance for inventory valuation losses	8,986	211	-	9,197
Impairment losses on non-financial assets	451	(13)	-	438
Unrealized exchange loss	257	4	-	261
Others	673	(246)	-	427
	$ 62,697	($ 17,807)	$ -	$ 44,890

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Defined benefit pension plan	$ 1,121	$ 347	$ 709	$ 2,177
Others	3,709	(3,297)	-	412
	$ 4,830	($ 2,950)	$ 709	$ 2,589

(V) Items not recognized in deferred tax assets in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Amount of subsidiaries' loss carryforwards	$ 6,782	$ 9,903

Unrecognized loss carryforwards will expire in 2028.

(VI) Information on unused loss carryforwards

As of December 31, 2023, the information on unused loss carryforwards is as follows:

Balance of unused loss carryforwards	Last valid year
$ 6,782	117

(VII) Income tax return approval

The Company's profit-seeking enterprise income tax returns filed up to 2021 have been approved by the tax authority.

XXV. Earnings Per Share

The net income (attributable to the owners of the Company) and weighted average number of ordinary shares used to calculate earnings per share are as follows:

	2023	2022
Net income for this year	$ 39,568	$ 82,003

Number of shares

Unit: In thousands of shares

	2023	2022
Weighted average number of ordinary shares used to calculate the basic earnings per shar	73,499	73,498
Influence of potential common stock with dilutive effect:		
Employee remuneration	116	270
Weighted average number of ordinary shares used to calculate the diluted earnings per shar	73,615	73,768

If the Company may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be considered when the diluted earnings per share is calculated before the following year's shareholders' meeting resolves a decision on the number of shares distributed for employee remuneration.

If the Company's outstanding convertible corporate bonds are converted, they will not be included in the calculation of diluted earnings per share because they have an anti-dilutive effect.

XXVI. Government grants

Subsidiaries, Taicang TCMC and TUMC have, officially went into production. As per the investment agreements, they obtained government grants of NT$3,802 thousand and NT$5,420 thousand (787 thousand RMB and 1,122 thousand RMB), respectively, totaling NT$9,222 thousand, related to the costs of plant construction in July 2013. The amounts were reclassified to profit or loss during the useful lives of the relevant assets. However, the Company sold the entire equity in its subsidiary, TUMC, in March 2019, so the long-term unearned revenue of NT$4,554 thousand was recognized. As of December 31, 2023 and 2022, the balances that have not been reclassified to profit or loss were NT$2,676 thousand and NT$2,797 thousand, which were included in long-term unearned revenue. The revenue generated during 2023 and 2022 was NT$70 thousand and NT$71 thousand, respectively, which were recognized in other income.

XXVII. Capital risk management

The Group engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. The Group's capital structure consists of net liability and equity and is not subject to other external requirements for capital.

XXVIII. Financial instruments

(1) Fair value of financial instruments that are not measured at fair value

The Management Team of Group believe that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values.

(II) Fair value information - financial instruments 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 fair value through profit or loss				
Forward exchange agreements	$ -	$ 214	$ -	$ 214
Emerging market shares	-	-	6,942	6,942
Convertible bonds call options and put options, net	-	-	80	80
	$ -	$ 214	$ 7,022	$ 7,236

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	Level 1	Level 2	Level 3	Total
Financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 14,007	$ -	$ 14,007
Financial assets at fair value through other comprehensive income				
Domestic emerging market shares	$ -	$ -	$ 33,422	$ 33,422
December 31, 2022				
Financial assets at fair value through profit or loss				
Precious metals futures contracts	$ -	$ 2,257	$ -	$ 2,257
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	$ -	$ -	$ 31,727	$ 31,727

There were no transfers between Level 1 and Level 2 fair values during the years ended December 31, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

	Financial assets at fair value through profit or loss
	held for trading
Financial assets	2023
Opening balance	$ -
Purchases	10,000
Recognized in profit or loss（Other gains and losses）	(3,058)
Ending balance	$ 6,942

	Financial assets at fair value through other comprehensive income	
	Equity instruments	
Financial assets	2023	2022
Opening balance	$ 31,727	$ 26,080
Recognized in other comprehensive income	1,695	5,647
Ending balance	$ 33,422	$ 31,727

Financial assets	Financial Liability (assets) at fair value through profit or loss Convertible bonds call options and put options, net 2023
Opening balance	$ -
Additions	585
Recognized in profit or loss（Other gains and losses）	(665)
Ending balance	($ 80)

3. Valuation techniques and inputs for Level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Derivatives - precious metals futures contracts	There is no market price available as a reference for the precious metals futures contracts traded by the Company, and such contracts were estimated through valuation. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.
Derivatives - forward exchange agreements	The Company estimated the future cash flow based on the observable forward exchange rates and the exchange rates specified in the agreements at the end of the period and discounted each of them at a discount rate that could reflect each counterparty's credit risk. The estimates and assumptions adopted in the valuation are consistent with the information adopted by market participants for estimation and assumption when they priced financial instruments.

4. Valuation techniques and inputs for Level 3 fair value measurement

Derivative financial instruments - convertible bonds were determined using the binomial option pricing model, where the unobservable input is stock market volatility, risk-free interest rate, discount rate and liquidity risk.

For market shares of emerging stock board company, fair values were estimated on the basis of the closing price and the liquidity discount on the balance sheet date.

The fair values of unlisted stocks were estimated with reference to the trading prices and the liquidity discount.

(III) Types of financial instruments

Financial assets	December 31, 2023	December 31, 2022
At fair value through profit or loss - mandatorily at fair value through profit or loss	$ 7,236	$ 2,257
Financial assets for hedging	14,007	-
Financial assets at amortized cost (Note 1)	568,024	466,748
Financial assets at fair value through other comprehensive income - investment in equity instruments	33,422	31,727
Financial liabilities		
Financial liabilities for hedging	81,032	239,060
At amortized cost (Note 2)	395,739	231,493

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, net, other receivables, other financial assets - current, and guarantee deposits paid.

Note 2: The balance represents financial liabilities at amortized cost, including short-term borrowings, accounts payable, other payables and bonds payable.

(IV) Purpose and policy of financial risk management

The Group’s main financial instruments include notes receivable, accounts receivable, net, short-term borrowings, accounts payable, bonds payable, and lease liabilities. The Group’s Management Department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Group’s operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group adopts derivatives to avoid risk of exposure, thereby reducing the impact of these risks. The trading of derivatives is regulated by the policies approved by the Group's Board of Directors; such policies are the written principles to regulate exchange rate risk, interest rate risk, credit risk, trading of derivatives and non-derivatives, and investment with surplus liquidity. Internal auditors continue to review the compliance with the policies and the amounts exposed to such risks. The Group does not trade financial instruments (including derivatives) for speculative purposes.

Market risk

1. Exchange rate risk

   The Group's silver material transactions are all denominated in non-functional currency (USD). In addition, part of the income from processing services is traded in a non-functional currency, which has resulted in exchange rate fluctuation risk. The Group has adopted derivatives, such as forward foreign exchange agreements to reduce the exchange rate risk.

Please refer to Note 32 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

The Group is mainly affected by the exchange rate fluctuations of the USD, RMB, and JPY. The table below details the Company's sensitivity analysis when the exchange rate of the Group's functional currency against the USD, RMB, and JPY increased and decreased by 1%. One percent is the sensitivity rate used in reporting the exchange rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The sensitivity analysis only included monetary items in foreign currencies in circulation. The table below shows the influence on profit and loss before tax when the Group's functional currency depreciated by 1% against the USD, RMB, and JPY:

	2023	2022
USD	$ 2,480	$ 962
RMB	$ 584	$ 334
JPY	$ 124	$ 249

Note: It is mainly due to the USD, RMB, and JPY including cash and cash equivalents, accounts receivable, other receivables , guarantee deposits paid,other financial assets - current ,accounts payable, and other payables still in circulation on the balance sheet date, the cash flows of which have not been hedged.

The management believes that sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures. Sales denominated in USD will vary with clients' orders and spot prices.

2. Exchange rate risk

Interest rate exposures arise when the Group borrows funds at both fixed and floating interest rates. The Group diversifies the risk of interest rate changes by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities exposed to the interest rate risk on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial liabilities	$298,718	$114,676
Cash flow interest rate risk		
Financial assets	115,336	183,947
Financial liabilities	130,892	149,872

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities at floating rates, the analysis is based on the assumption that the amounts of the liabilities outstanding at the balance sheet date were all outstanding throughout the reporting period. An increase or decrease in interest rates by 1% is the sensitivity rate adopted in reporting the interest rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in interest rates.

If the interest rate decreased/increased by 1%, with all other variables remaining unchanged, the Group's net income before tax for 2023 and 2022 would have decreased/increased by NT$1,309 thousands and NT$1,499 thousands, respectively.

(IV) Other price risks

The Group signed precious metal borrowing contracts with suppliers with the prices being the quotes in the international precious metal market, plus a certain percentage of profit margin. To manage the inventory exposed to the risk of precious metals prices, the Group adopts the international precious metal borrowing contracts in the same category and quantity as the fair value risk hedging instrument for the precious metal price risk component contained in the inventory. As per the historical experience, the movements in the fair values of the designated precious metal price risk components cover the movements in prices of the overall contracts on average, so the market price risk is not significant.

Hedge accounting

The Group minimizes its fair value exposures of financial liabilities to price fluctuations of precious metals by entering into precious metal borrowing contracts and minimizes its fair value of inventory exposures to price fluctuations of precious metals by entering into precious metal futures contracts. The fair value of the precious metal borrowing transactions at the end of the reporting period is determined by the price of the precious metal. The fair value of the precious metal futures transactions at the end of the reporting period is estimated based on the spot position of the underlying assets linked to the held derivative instruments.

The above precious metal borrowing transactions and precious metals futures contracts matched the terms of financial liabilities. As per the Group's qualitative assessment, precious metal borrowing transactions and precious metals futures contracts and the values of hedged financial items will change in reverse in a systematic manner due to the movements in the hedged international precious metal prices. The hedge ineffectiveness mainly comes from the influence of the credit risk between the Group and the counterparties on the fair values of the precious metal borrowing transactions. The credit risk will not affect the hedged items due to the movements in the fair values of the international precious metal prices. No other sources of hedge ineffectiveness appeared during the hedge period.

The information on the hedging of the risk from the movements in the international precious metal prices exposed to the Group is aggregated as follows:

December 31, 2023

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Asset/Liability	Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	$ 81,032	-	Financial liabilities for hedging	$ 81,032	$ -
Sell futures contracts-Silver	67,944	113.01	Financial Assets for hedging	14,007	(155)
Sell futures contracts-Silver	67,732	112.11	Financial Assets for hedging	-	1,236

Hedged items	Carrying amount Assets	Cumulative fair value adjustments Assets	Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Fair value hedge			
Inventory - Borrowing materials for hedging	$ 81,032	$ -	$ -
Inventory - futures contracts	80,570	103	103
	$161,602	$ 103	$ 103

December 31, 2022

Hedging instruments	Contract amount	Due period	Balance sheet line items	Carrying amount Liability	Movements in the fair values of hedging instruments used to evaluate the hedge ineffectiveness for the year
Fair value hedge					
Precious metal borrowing contracts	$ 239,060	-	Financial liabilities for hedging	$ 239,060	$ -

Hedged items	Carrying amount Assets	Cumulative fair value adjustments Assets	Movements in the fair values of hedged items used to evaluate the hedge ineffectiveness for the year
Fair value hedge			
Inventory	$239,060	$ -	$ -

(VI) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance by counterparties is from the carrying amounts of financial assets recognized in consolidated balance sheets.

Except for a small number of clients whose accounts receivable and overdue receivable were estimated to be irrecoverable with significant credit risks and an allowance for such losses already provide, the Group’s clients are all companies with good credit ratings. The business unit grants each of such clients a credit line based on the credit investigation results and regularly tracks their payment status; thus, no significant credit risk is expected.

The Group's receivables are significantly concentrated in certain clients, most of whom engage in similar business activities with similar economic characteristics, and their ability to perform contracts is also similarly influenced by their financial positions or other conditions, so significant credit risk concentration exists. The balance of accounts receivable from clients, on which the credit risk is significantly concentrated, (accounting for 10% or more of the balance of notes receivable, accounts receivable, and other receivables) is as follows:

Name of client	December 31, 2023	December 31, 2022
Company A	$ 87,111	$ 61,941
Company B	39,037	21,406
Company C	32,238	27,105
	$158,386	$110,452

(VII) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the operations and signs loan contracts with financial institutions to maintain an appropriate amount required for business operations. As the Group's equity in the capital structure is much greater than its liabilities, and remaining amount of bank loans is sufficient. As of December 31, 2023 and 2022, the Group's unused bank financing facilities were NT$1,930,694 thousand and NT$1,885,002 thousand, respectively. Thus, no liquidity risk was posed to the Company.

The table below lists the analysis of the Group's financial liabilities during the agreed repayment period based on the maturity dates and the undiscounted principal amounts:

	Less than 1 year	1 to 5 years	5 years or above	Total
December 31, 2023				
Short-term Borrowings	$135,275	$ -	$ -	$135,275
Accounts payable	18,342	-	-	18,342
Lease liabilities	7,375	28,771	88,711	124,857
Bonds payable	-	199,900	-	199,900
Other payables	56,777	-	-	56,777
	$217,769	$228,671	$ 88,711	$535,151
December 31, 2022				
Short-term Borrowings	$153,524	$ -	$ -	$153,524
Accounts payable	19,765	-	-	19,765

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	Less than 1 year	1 to 5 years	5 years or above	Total
Lease liabilities	$ 7,482	$ 28,953	$ 95,904	$132,339
Other payables	61,856	-	-	61,856
	$242,627	$ 28,953	$ 95,904	$367,484

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years	20 years or above
December 31, 2023						
Lease liabilities	$ 7,375	$ 28,771	$ 28,771	$ 28,771	$ 28,771	$ 2,398
December 31, 2022						
Lease liabilities	$ 7,482	$ 28,953	$ 28,771	$ 28,771	$ 28,771	$ 9,591

XXIX. Related Party Transactions

The Company’s parent company is Gains Investment Corporation (with substantive control power), which held 31.86% of the Company's ordinary shares on both December 31, 2023 and 2022. The Company’s ultimate parent company is China Steel Corporation.

Except for those disclosed in other notes, transactions between the Group and related parties are as follows.

(I) Name of related party and relations therewith

Name of related party	Relations with the Group
China Steel Corporation (CSC)	Ultimate parent company
Gains Investment Corporation	Parent company
Changzhou China Steel Precision Materials Co., Ltd. (CSPM)	Sister company
C.S. Aluminium Corporation (CSAC)	Sister company
Ever Wealthy International	Sister company
China Steel Chemical Corporation	Sister company
CSC Solar Corporation	Sister company
CSGT Japan Co., Ltd. (CSGT Japan)	Sister company
China Steel Global Trading Corporation（CSGT）	Sister company
China Steel Security Corporation	Sister company
Dragon Steel Corporation	Sister company
Chung Hung Steel Corporation	Sister company
Steel Castle Technology Corporation	Sister company
Sing Da Marine Structure Corporation	Sister company
United Renewable Energy Co., Ltd.	A director of the Company

(II) Operating revenue

Account	Category of related party	2023	2022
Sales revenue	Ultimate parent company	$ 2,345	$155,019
	Sister company	13,068	49,329
		$ 15,413	$204,348

There is no similar transaction available to be used to compare with the sales revenue from part of the sales to the ultimate parent company, and there is no significant difference in the selling prices and payment terms between the transactions with the ultimate parent company and non-related parties.

(III) Purchases

Category of related party	2023	2022
Sister company	$ 45,888	$ 80,760
Ultimate parent company	2,520	4,525
	$ 48,408	$ 85,285

Regarding purchases from related parties, the transaction prices cannot be compared because the same products were not purchased from a non-related party, and the payment terms are not significantly different from those for general suppliers. Payments are made in 30 to 60 days at the end of each month.

(IV) Other related party transactions

	2023	2022
Processing fees		
Sister company		
CSAC	$ 31,266	$ 36,461
Ultimate parent company	76	174
	$ 31,342	$ 36,635

The Company pays processing fees to the above related parties. As no non-related party was not entrusted to provide similar product processing services, the transaction prices could not be compared. The payment terms are 30 to 60 days at the end of each month for the above related parties and 60 to 90 days at the end of each month for the non-related parties.

	2023	2022
Research and professional services fees		
Ultimate parent company	$ 1,660	$ 1,660
Security fees		
Sister company	$ 2,169	$ 2,073

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	2023	2022
Technical service income		
Ultimate parent company		
CSC	$ 10,000	$ 10,000

(V) Ending balance

	2023	2022
Accounts receivable		
Sister company	$ 10,699	$ 37,674
Prepayments		
Ultimate parent company	$ 294	$ -
Guarantee deposits paid		
Sister company		
CSGT Japan	$ 3,193	$ 3,417
Accounts payable		
Sister company		
CSPM	$ 11,162	$ 7,402
Other payables		
Sister company	$ 4,023	$ 1,497
Ultimate parent company	882	907
Parent company	186	412
A director of the Company	93	206
	$ 5,184	$ 3,022

(VI) Remuneration to key management personnel

	2023	2022
Short-term employee benefits	$ 11,386	$ 12,400
Post-employment benefits	286	282
	$ 11,672	$ 12,682

XXX. Pledged Assets

The Group has provided the assets below as collateral for the bank borrowing facilities, borrowings drawn, dormitory leased from the Southern Taiwan Science Park Bureau, and customs import:

	December 31, 2023	December 31, 2022
Buildings	$117,916	$124,367
Pledged time deposits (recognized in other financial assets - current)	21,090	20,896
	$139,006	$145,263

XXXI. Material Contingencies and Unrecognized Contractual Commitments

(I) As of December 31, 2023, to purchase raw materials, the Company guaranteed the amount of NT$178,680 thousand from financial institutions.

(II) As of December 31, 2023, the company signed a contract to purchase property, plant and equipment, and the outstanding amount was NT$13,004 thousand.

XXXII. Information on Foreign Currency Assets and Liabilities with Significant Effect

The information below is aggregated and presented in foreign currencies other than the Group's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

Unit: In thousands in each foreign currency / exchange rate

	Foreign currency	Exchange rate		Carrying amount
December 31, 2023				
Foreign currency assets under monetary items				
USD	$ 7,636	30.705	(USD: NTD)	$ 234,456
USD	447	7.0972	(USD: RMB)	13,719
RMB	13,486	4.327	(RMB: NTD)	58,355
JPY	57,004	0.2172	(JPY: NTD)	12,381
Foreign currency liabilities under monetary items				
USD	7	30.705	(USD: NTD)	225
December 31, 2022				
Foreign currency assets under monetary items				
USD	2,560	30.71	(USD: NTD)	78,607
USD	622	6.9686	(USD: RMB)	19,122
RMB	7,671	4.408	(RMB: NTD)	33,812
JPY	107,106	0.2324	(JPY: NTD)	24,891
Foreign currency liabilities under monetary items				
USD	50	30.71	(USD: NTD)	1,549
RMB	85	4.408	(RMB: NTD)	375

The Group's net foreign exchange gain or loss for 2023 and 2022 was a loss of NT$6,186 thousand and a gain of NT$18,983 thousand, respectively. Due to the wide variety of foreign currencies used in transactions, it is impossible to disclose the exchange gains and losses by foreign currencies with significant influence.

XXXIII. Additional Disclosures

(I) Information on material transactions and (II) information on investees of 2023:

1. Loans to others. (Table 1)
2. Endorsements/Guarantees to others. (Table 2)
3. Securities held at the end of the year (investments in subsidiaries and affiliates are not included). (Table 3)
4. Securities acquired or sold at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual property at costs 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. Derivatives trading. (Note 7 and 28)
10. Other: Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts (Table 4)
11. Information on investees. (Table 5)

(II) Information on investment in Mainland China

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, profit or loss and investment income or loss recognized for this year, book value of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third region, and the price, payment term, and unrealized gains or losses:

(1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the period: The Company's purchases from the subsidiary Taicang TCMC during 2023 were NT$11,237 thousand (less than 1%). As of December 31, 2023, the balance of unpaid accounts payable was NT$2,446 thousand (22%). The above purchase prices and payment terms are not significantly different from those for non-related parties, and the costs incurred from the above purchases and accounts payable at the end of the period have been written off when the consolidated financial statements were prepared.

(2) The amount and percentage of sales and the balance and percentage of the relevant receivables at the end of the year: The Company's sales to the subsidiary Taicang TCMC during 2023 were NT$9,700 thousand (less than 1%). As of December 31, 2023, the balance of accounts receivables not yet recovered was NT$7,960 thousand (3%). The above selling prices and payment terms are not significantly different from those for non-related parties, and the unrealized gross profit from the above sales and accounts receivable at the end of the period have been written off when the consolidated financial statements were prepared.

(3) The amount of property transactions and the amount of the resulting gains or losses. (None)

(4) The balance of negotiable instrument endorsements or guarantees or collateral pledged at the end of the period and the purposes. (Table 2)

(5) The highest balance, the closing balance, the interest rate range, and total current-period interest with respect to financing of funds. (Table 1)

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of labor services. (None)

(III) Information on major shareholders: The name of shareholders, each holding 5% or more of total shares, and the number and percentage of shares held. (Table 7)

XXXIV. Segment Information

The Group's information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The Group's reportable operating segments are as follows:

- ThinTech Materials Technology Co., Ltd.

  Mainly engaging in the processing and sales of various thin film sputtering targets and precious metals, as well as trading of general metals.
- Taicang TCMC, Ltd.

  Mainly engaging in the manufacturing and sales of metal targets.
- Others - The subsidiaries of the consolidated entity are the operating segments. Please refer to Note 13. All the operating segments have not reached the quantitative threshold.

(I) Segment revenue and operating performance

The Group's segment revenue and operating performance are as follows:

	The Company	Taicang TCMC	Adjustments and write-offs	Consolidation
2023				
Revenue from clients other than the parent company and subsidiaries	$2,211,390	$ 193,729	$ -	$2,405,119
Revenue from the parent company and subsidiaries	9,700	11,237	(20,937)	-
Total revenue	$2,221,090	$ 204,966	($ 20,937)	$2,405,119
Profit (Loss) of segments	$ 48,868	($ 1,122)	$ 306	$ 48,052
Interest income	6,024	250	(798)	5,476
Financial costs	(11,552)	(6,242)	798	(16,996)
Share of profit on subsidiaries and affiliates using the equity method	(5,838)	-	6,889	1,051
Other non-operating income and expenses	13,580	225	(306)	13,499
Net income before tax	51,082	(6,889)	6,889	51,082
Income tax expense	11,514	-	-	11,514
Net income (Loss) for this year	$ 39,568	($ 6,889)	$ 6,889	$ 39,568
2022				
Revenue from clients other than the parent company and subsidiaries	$2,273,043	$ 254,324	$ -	$2,527,367
Revenue from the parent company and subsidiaries	15,566	3,642	(19,208)	-
Total revenue	$2,288,609	$ 257,966	($ 19,208)	$2,527,367
Profit of segments	$ 73,256	$ 11,263	$ 367	$ 84,886
Interest income	3,030	483	(2,241)	1,272
Financial costs	(5,758)	(6,029)	2,241	(9,546)
Share of profit on subsidiaries and affiliates using the equity method	7,440	-	(6,494)	946
Other non-operating income and expenses	25,519	777	(367)	25,929
Net income before tax	103,487	6,494	(6,494)	103,487
Income tax expense	21,484	-	-	21,484
Net income for this year	$ 82,003	$ 6,494	($ 6,494)	$ 82,003

Profit (loss) of segments refers to the profit earned by each segment, excluding the apportioned headquarters management costs and directors' remuneration, interest income, gains or losses on disposal of property, plant and equipment, foreign currency exchange gains or losses, financial instrument valuation gains or losses, financial costs, and income tax expenses. This amount measured is provided to the chief operating decision-maker for allocation of resources to segments and measurement of their performance.

(II) Total segment assets and liabilities

Segment assets	December 31, 2023	December 31, 2022
Continuing operations		
The Company	$1,674,649	$1,655,545
Taicang TCMC	213,757	259,214
Adjustments and write-offs	(64,966)	(82,996)
Total consolidated assets	$1,823,440	$1,831,763

Segment liabilities	December 31, 2023	December 31, 2022
Continuing operations		
The Company	$ 478,995	$ 461,349
Taicang TCMC	159,298	196,825
Adjustments and write-offs	(10,507)	(20,607)
Total consolidated liabilities	$ 627,786	$ 637,567

(III) Other segment information

Other information reviewed by the chief operating decision-maker or regularly provided to the chief operating decision-maker:

	The Company	Taicang TCMC	Total
2023			
Recognized in profit or loss of segments			
Depreciation and amortization	$ 28,147	$ 9,572	$ 37,719
2022			
Recognized in profit or loss of segments			
Depreciation and amortization	$ 29,015	$ 13,113	$ 42,128

(IV) Revenue from main products and services

The Group’s revenue from main products and services is as follows:

	2023	2022
Production and sales revenue		
Precious metals	$1,532,208	$1,523,423
Sputtering targets	619,486	664,957
Others	253,425	338,987
	$2,405,119	$2,527,367

(V) Information by region

The Group mainly operates business in Taiwan and Asia.

The Group's operating revenue from external clients is classified based on the countries where they are located, and the information on the non-current assets classified by location is as follows:

	Revenue from external clients		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 2,119,454	$ 2,176,688	$ 328,119	$ 297,297
Asia	242,149	306,209	58,969	70,154
The Americas	24,711	34,585	-	-
Europe	18,805	9,885	-	-
	$ 2,405,119	$ 2,527,367	$ 387,088	$ 367,451

Non-current assets exclude financial assets, investments using the equity method, net defined benefit assets, guarantee deposits paid, and deferred tax assets.

(VI) Information on main clients

The clients, each of whom contributes to 10% or more of the Group's total revenue are as follows:

	2023	2022
Company A	$ 644,129	$ 599,923
Company B	250,886	243,511
Company C	250,335	183,691
Company D	246,002	259,026
	$1,391,352	$1,286,151

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Loans to Others
For the Years Ended December 31, 2023

Table 1

Unit: NT$ thousand
(unless specified otherwise)

No.	Lender	Borrower	Account title	Related party status	Highest balance of this year	Ending balance (Note 1)	Amount drawn	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral Name	Collateral Value	Limit on loan to each borrower	Total limit on loans to others	Remarks
0	The Company	Taicang TCMC, Ltd.	Other receivables	Yes	$ 106,947	$ 104,107	$ -	2.48～2.53	Note 2	$ -	To meet the need for working capital	$ -	-	$ -	$ 358,696	$ 478,261	Note3

Note 1: RMB is converted at the spot exchange rate of 1 RMB = 4.327 NTD.
Note 2: There is a need for short-term financing
Note 3: The limit of loans to an individual entity is 30% of the Company's net worth, and the total limit of loans to others is 40% of the net worth.
Note 4: It has been written off when the consolidated financial statements were prepared.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Endorsements/Guarantees to Others
For the Years Ended December 31, 2023

Table 2

Unit: NT$ thousand
(unless specified otherwise)

No.	Name of endorser/guarantor	Party endorsed/guaranteed		Limit of endorsements/guarantees to a single enterprise	Highest balance of endorsement/guarantee of this year	Ending balance of endorsements/guarantees (Note 2)	Amount drawn	Amount of endorsement/guarantee with property as collateral	Cumulative endorsements/guarantees provided as a % of the net worth as per the latest financial statements	Maximum limit of endorsements/guarantees	Endorsement/guarantee by the parent company to a subsidiary	Endorsement/guarantee by a subsidiary to the parent company	Endorsement/guarantee to an entity in China	Remarks
		Name of company	Relations											
0	The Company	Taicang TCMC, Ltd.	An investee whose with 50% or more of its voting shares held by the parent company and subsidiaries	$478,261	$275,613	$260,993	$118,974	$ -	21.83	$478,261	Y	N	Y	Note 1

Note 1: The limit of the Company's guarantee for a single enterprise is 40% of the net worth, and the maximum limit of endorsements/guarantees is 40% of the net worth.
Note 2: USD is converted at the spot exchange rate of 1 USD = 30.705NTD.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Securities Held at the End of the Year
December 31, 2023

Table 3

Unit: NT$ thousand
(unless specified otherwise)

Company	Type and name of securities held	Relations with securities issuer	Account title	End of the year				Remarks
				Number of shares/units	Carrying amount	Shareholding (%)	Fair value	
The Company	Common stock Lianyou Metals Co., Ltd.	-	Financial assets at fair value through profit or loss - current	125,000	$ 6,942	0.40	$ 6,942	Note
The Company	Common stock Lianyou Metals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	601,796	33,422	1.94	33,422	Note

Note: The fair value is based on the trading price and the liquidity discount.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries
For the Years Ended December 31, 2023

Table 4

Unit: NT$ thousand
(unless specified otherwise)

No.	Name of trader	Transaction counterparty	Relations with trader	Transaction			
				Item	Amount	Transaction conditions	As a % of total consolidated revenue or total assets
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Sales revenue	$ 9,700	As per the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Interest income	798	As per the resolutions adopted by the Board of Directors and the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Accounts receivable	7,960	As per the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Other receivables	101	As per the resolutions adopted by the Board of Directors and the contract	-
0	The Company	Taicang TCMC, Ltd.	Parent company to subsidiary	Other income	306	As per the contract	-
1	Taicang TCMC, Ltd.	The Company	Subsidiary to parent company	Sales revenue	11,237	As per the contract	-
1	Taicang TCMC, Ltd.	The Company	Subsidiary to parent company	Accounts receivable	2,446	As per the contract	-

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on Investees
For the Years Ended December 31, 2023

Table 5

Unit: NT$ thousand
(unless specified otherwise)

Name of investor	Name of investee	Location	Principal business activities	Initial investment amount		Holding at the end of the year			Profit on investees for this year	Investment income recognized for this year	Remarks
				End of this year	End of last year	Number of shares	%	Carrying amount			
The Company	Thintech Global Limited	Samoa	An investment holding company	$ 205,435	$ 205,435	6,800,000	100	$ 52,224	($ 6,889)	($ 6,889)	Notes 1 and 2
The Company	Pro-Ascentek Investment Corporation	Taiwan	General investment	30,000	30,000	3,000,000	2.5	33,688	42,059	1,051	

Note 1: The Company invests in Taicang TCMC, Ltd. through TTGL.
Note 2: It has been written off when the consolidated financial statements were prepared.

ThinTech Materials Technology Co., Ltd. and Its Subsidiaries
Information on investment in Mainland China
For the Years Ended December 31, 2023

Table 6

Unit: NT$ thousand
(unless specified otherwise)

Name of investee	Principal business activities	Paid-in capital	Investment method (Note 3)	Cumulative investment amount remitted from Taiwan at the beginning of this year	Amount of investment remitted or recovered during this year		Cumulative investment amount remitted from Taiwan at the end of this year	Profit or loss on investees for this year	The Company's shareholding in direct or indirect investment (%)	Investment income or loss recognized for this year	Book value of investments at the end of this year	Investment income remitted back as of the end of this year	Remarks
					Outward remittance	Inward remittance							
Taicang TCMC, Ltd.	Manufacturing and sales of metal targets	$ 208,794	2	$ 208,794	$ -	$ -	$ 208,794	($ 6,889)	100.00	($ 6,889)	$ 52,224	$ -	Notes 4 and 5

Name of investor	Cumulative amount of investment from Taiwan to China at the end of this year	Amount of investment approved by the Investment Commission, MOEA (Note 1)	Limit of investment by the Company in China (Note 2)
ThinTech Materials Technology Co., Ltd.	$ 208,794	$ 208,794	$ 717,393

Note 1: It includes the Company's investment in Taicang TCMC, Ltd. in the amount of US$6,800 thousand approved by the Investment Commission, Ministry of Economic Affairs (MOEA).
Note 2: The limit of Company's investment in China is $1,195,654×60%=$717,393.
Note 3: Investment methods are divided into the three types below.

1. Direct investment in China.
2. Indirect investment in China through a third-region company (see Table 5 for third-region investment companies).
3. Other methods.

Note 4: It is recognized and disclosed based on the financial statements for the same periods audited by the Company's CPAs and has been written off when the consolidated financial statements were prepared.
Note 5: The foreign currency amounts in the above table are converted into NTD at the exchange rate prevailing on the balance sheet date.

ThinTech Materials Technology Co., Ltd.
Information on major shareholders
December 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding (%)
Gains Investment Corporation	23,423,016	31.86
United Renewable Energy Co., Ltd.	7,000,000	9.52
Ever Wealthy International Corporation	6,119,748	8.32

Note 1: The major shareholders in this table are shareholders holding at least 5% of the ordinary and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day of the year calculated by the Taiwan Depository & Clearing Corporation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their shares in a trust and shares with the right to make decisions on trust property, please refer to MOPS.

ThinTech Materials Technology Co., Ltd.

Chairman:

Chao-Hsiang Lee

Thintech Materials Technology Co., Ltd.

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