

Stock Code:6129



普誠科技股份有限公司
Princeton Technology Corp.

2023 Annual Report

May 23, 2024

Website for enquires of this Annual Report:

<https://mops.twse.com.tw/mops/web/index>

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

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- VI. Corporate Website:
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Chapter 1. Letter to Shareholders

I. Business results of the previous year

1. The company's operating income for FY2023 was NT\$1,214,168 thousand, net profit after tax was NT\$59,026 thousand, and the earnings per share after tax was NT\$0.33. The total assets of the Company at the end of 2023 were NT\$2,227,102 thousand, total liabilities of NT\$179,359 thousand, a debt ratio of 8% and a current ratio of 527%, with a sound financial structure.

The consolidated operating income of the Company for FY2023 was NT\$1,659,635 thousand, the net profit after tax attributable to the parent company was NT\$59,453 thousand, and the earnings per share after tax was NT\$0.33. The consolidated assets of the Company as at 12/31/2023 were NT\$2,515,106 thousand, total liabilities of NT\$299,703 thousand, the debt ratio was 12%, the current ratio of 586%, and the consolidated financial structure was sound.

2. Budget Execution: The Company did not release financial forecasts for FY2023, so it is not applicable.
3. Research and development status: Following the successful ASIC development project of TFT display driver IC for automotive HUD, the company will continue to deepen cooperation with this ASIC customer and expand jointly developed product projects and application markets, such as inkjet printer head driver IC. The product line for automotive applications will continue to expand its customer base and product application projects, expanding from the original head/tail lights to product development for motor-driven applications of the car.

II. This year business plan summary

1. Business Goals for the Current Year: Continue to focus on automotive and consumer electronics applications, as well as high-energy-efficiency motor drives, and have added specific specifications of MCU development to integrate the company's current driver ICs as product development directions.
2. Expected sales volume: As the company has not provided a financial forecast for the year 2024, an estimate for the expected sales volume is not applicable.
3. Key Production and Marketing Strategies:
 - Proactively expanding our customer base and sales in the Japanese and Chinese markets by focusing on VIP client development.
 - Continuing to broaden our product offerings and applications in various motor driver categories, as well as in automotive headlights & interior lightings.

III. Future company development strategy

PTC will continue to focus on product development and application promotion in automotive, consumer electronics and high energy efficiency. The R&D product line includes display drivers, vehicle lighting ICs, and various motor driver ICs. At the same time, it will continue to seek automotive applications for its existing products. application opportunities in order to further expand the automotive application market.

In addition to the above-mentioned original driver IC development strategy, IC development in the MCU field will be added in the future. First, it will be combined with the company's various original driver ICs for automotive and industrial control, and then expanded to instrumentation, medical health, smart sensing and other fields in the future.

IV. Impact of the external competition, the legal environment, and the macroeconomic conditions:

In terms of the overall global economy, as global inflation remains high, European and American central banks continue to implement tightening monetary policies to combat inflation. Coupled with rising geopolitical risks, various wars (including the Russia-Ukraine war, the Gaza war, the Red Sea crisis, etc.) continue, and weak economic performance of China, the Organization for Economic Cooperation and Development (OECD) estimates that global GDP will grow by 2.9% in 2024, down from 3.1% in 2023.

In terms of our country's economy, the global economy in 2023 was affected by sluggish end market demand and industrial inventory adjustments, resulting in sluggish corporate investment and causing Taiwan's economic growth rate to only reach 1.31%, which is lower than expected. Looking forward to 2024, although global inflation is slowing down, the unclear timing of interest rate cuts by global central banks, the deferred effect of interest rate increases, and the lack of improvement in mainland China's economic prospects are all risks to this year's economic growth. However, driven by the demand for emerging AI technology applications, demand for electronics-related products has rebounded, and exports and investment are expected to resume growth. The National Taiwan Institute of Economics predicts that Taiwan's economic growth rate will reach 3.15%, which is better than 2023.

In terms of operations, in the face of increasingly fierce competition in the external environment, PTC will continue to focus on new product research and development, market development and new customer expansion, and strengthen supplier cooperation in order to continue to enhance the company's competitiveness.

Thank you for your long-term support and encouragement to the company, thank you!

Chairman Chang-An Chiang

Chapter 2. Company Profile

I. Established in May 15, 1986

II. Company History

■ 2023

- Continue to develop display driver products, incorporating the ASIL (Automotive Safety Integrity Level) technology, for HUD application
- Expand and develop LED lighting driver product lines, in addition to headlights, taillights, brake lights, direction lights, etc., will further extend to interior lighting in automobile application.
- Continue to expand and develop motor driver product lines, in addition to niche consumer products, such as sweeping robots, electric massage chairs, POS machines, refrigerator damper systems, etc. We also continue to develop automotive applications, such as air conditioning systems, door lock systems, etc.

■ 2022

- The technology of the in-car display has been successfully transferred from VFD Display Driver to TFT Display Driver. The application is transferred from the car dashboard to the head-up display.
- Mass production and shipment of LED Lighting Driver for automotive lighting, including headlights, tail lamps, brake lights, signal lights, etc.

■ 2021

- Continue to complete the development of a number of DC motor drive ICs to expand the application field
- Successfully entered the Printer head driver market and received project development projects from more vendors
- Continue to complete a number of vehicle LED lighting driver IC development projects to complete market demand

■ 2020

- Successfully developed AMOLED driver IC for use in the printer head of commercial printers.
- Successfully developed Photo sensor IC for printer paper thickness detection.
- Successfully developed Micro LED driver IC with Japanese panel factory.
- Successfully developed three-phase brushless motor driver IC/circulating fan for refrigerator throttle stepper motor driver IC.

- Successfully developed DC Brushed Motor Driver IC for Sweeping Robot and Smart Toilet.
- Successfully developed MCU Based three-phase brushless motor driver IC for power tools.
- 2019
 - Successful development of driver IC for inkjet printer head and driver IC replacing laser head are customized IC, which is a high unit price and high profit IC.
 - Successfully developed dedicated panel driver IC and motor driver IC for head-up display with Japanese manufacturers, and officially entered mass production
 - Successfully entered the OLED car air conditioning panel driver IC and entered the T company's high-end car market.
- 2018
 - Successfully developed LED headlight/tail lamp driver IC for automotive; LED car dashboard driver IC; DC motor driver IC.
 - Important patent acquisition: synchronous point detection method of signal-transceivers device/light-emitting diode (LED) drive device and method to improve current harmonic distortion of light-emitting diode (LED) driving/a current control circuit.
- 2017
 - Successfully developed China sharing bicycle electronic lock driver IC; portable karaoke microphone driver IC; single chip for gaming mouse.
 - Important patents: Touch sensing circuit and method/motor operating system and its method/interface transmission method and data structure product/current control circuit (a low THD ultra-high voltage linear LED drive method) /automated test system and method/short circuit detection circuit and full bridge circuit/acceptable Electrical overstress and electrostatic discharge protection circuit to avoid latch.
- 2016
 - Passed G3-PLC international standard certification.
 - Successfully developed a single chip with USB2.0 Full Speed OTG function.
Important patents: Fluorescent lamp drive control circuits/Current mirror circuits and semiconductor devices/Touch sensing circuits and touch devices/Amplification circuitry to improve audio signal surges, current control circuitry, LED driver device and improve the current of light-emitting diode (LED) drive device Harmonic distortion method.
- 2015
 - Successfully developed printer head driver IC; Head-up Display driver IC.

Important patent acquisition: Single click circuit, transmitter that can shorten start-up time and its methods/receiver and data cutter/sound playback system and gain control/amplification circuit/display control system and display device/drive power that improves audio signal surge Control method for road and drive methods/lighting systems.

■ 2014

- Established PTC (Chengdu) Technology Co., Ltd.
- Successfully developed powerline communication SoC and brushless DC motor driver IC.

Important patents: voltage control circuits/driver circuits for light-emitting diode devices and voltage detection devices/differential elimination circuits, pulse width modulation signal generation circuits and amplifier circuits/audio processing system/Class-D power amplifier and triangle wave generator circuits for reduced electromagnetic interference

■ 2013

- Launched power management chip and high voltage gate driver IC
- Important patents obtained: audio processing system/sound signal processing device/drive voltage generation circuit/single-click circuit that can be integrated into the chip, transmitter with shortened start-up time and methods/dimming method using switching switch and related lighting system/electrostatic discharge protection components.

■ 2012

- Successfully developed PWM constant current stepping motor driver IC/low power LCD segment driver IC.
- Important patents: Stepper motor drive circuit/drive device and drive method/current source stabilization circuit/memory space-saving image processing device/fluorescent lamp dimming method/self-oscillating audio amplifier/video playback device, system and method.

■ 2011

- Successfully developed TFT LCD driver IC/car brake lamp LED driver IC/car audio and video LED backlight driver IC.
- Important patents: Power-saving AV system, power control system and power saving methods/vacuum fluorescent display driver circuit and vacuum fluorescent display/high output impedance light-emitting diode display/low noise amplifier and RF signal receiver/single end input dual output low noise amplifier circuit.

■ 2010

- The amount of paid up capital increased to NT\$1,807,090 thousand.
 - Successfully developed IC/LED/VFD display driver IC/VFD display with standby power management driver IC/DV motor driver IC.
 - Important patents: Display control system of organic light-emitting diode device/display device with adjustable brightness, control method thereof, transmitter IC/audio processing system/fluorescent lamp dimming system with SAW oscillator, control device and method thereof.
- 2009
- Successfully developed USB/SD host audio decoder/linear dimming ballast controller/autofocus motor driver/e-paper driver IC.
 - Important patent acquisition: charging circuit, integrated circuit and control/adaptable conversion device and related methods/packet pre-search method and its device/chip test device and system/audio amplifier mute circuit.
- 2008
- The amount of paid up capital increased to NT\$7809 million.
 - Successfully developed Class-D Audio Amplifier and Processor IC/High Power LED Driver IC.
 - Important Patents: Methods for improving image quality and related image processors/memory-saving sound playback devices and related methods/audio signal processing devices/driving devices and their use of display system/image processing device and video playback system.
- 2007
- The amount of paid up capital increased to NT\$1,727,327 thousand.
 - Successfully developed 2.5W Class-D sound power amplifier IC and entered the mobile phone application market.
 - Launched USB speaker control IC, satellite positioning and navigation system solutions.
 - Important patents obtained: Fluorescent dimming system control device and method/single-phase motor drive device/self-oscillating audio amplifier /video patch device and method/chip test device and system/circuit test device.
- 2006
- Certified by ISO/TS16949.
 - Successfully developed CD Servo+MP3 decoding ICS/DVD Servo+MPEG 1/2 decoding ICS/digital image processing ICS/USB speaker IC.
 - Important patents: Asynchronous BTL design for Class-D audio amplifiers/Audio amplifier mute circuits/Self-oscillating system for interference cancellation/Organic

light-emitting diode display with high output impedance, interface circuit testing with low voltage logic tester for high voltage IC.

■ 2005

- Acquired ASIA tech RF team and established branch in Hsinchu.
- The amount of paid up capital increased to \$1090 million.
- Successfully developed Class D Audio Amplifier IC/Electronic Ballast/Motor Driver for Digital Still Camera/RF IC.
- Important patent acquisition: two-channel to multi-channel method and its stereo processor/Class D audio amplifier square wave modulation design/test system and single chip tester can be tested simultaneously on multiple chips under test.

■ 2004

- The amount of paid up capital increased to NT\$1,289 million.
- Successfully developed 132x65 Organic Light-Emitting Diode OLED Driver IC/Ultrasonic Radar Range Ultra Sonic Radar Detector IC, Audio/Video Channel Switching/Audio Video Channel Selector IC/Audio Video Sync Lip sync IC/MP3 Decoding IC/2W Class AB Audio with USB 2.0 Interface Amplifier IC/wireless broadcast data receiver.
- Important patent acquisition: Digital servo motor controller integrated circuit design to prevent power feedback during manual adjustment of servo motor /headphone and speaker switching circuitry built in IC in portable information devices/Digital servo motor controller to prevent power feedback when servo motor manual adjustment Integrated circuit design.

■ 2003

- Successfully developed LED Sign Board IC/White LED Driver IC/Battery Charging IC/Dolby Analog Audio Processing IC/USB Microprocessor.
- Important patent: A parallel bus system/oscillator with an expandable peripheral frequency adjustment method built into an integrated circuit and a headphone and speaker switching circuit built into the integrated circuit in the device/portable information device.

■ 2002

- Certified ISO 14001:1996 and OHSAS 18001:1999.
- Established PTC (Shenzhen) to strengthen service to customers in Greater China.
- Successfully developed MP3 Encoding IC/ 1 Watt Power Amplifier IC/TV Audio Processing IC/I/O Expand+DAC/25 W Class D Audio Power Amplifier IC.

■ 2001

- ISO 9001:2000 certified.

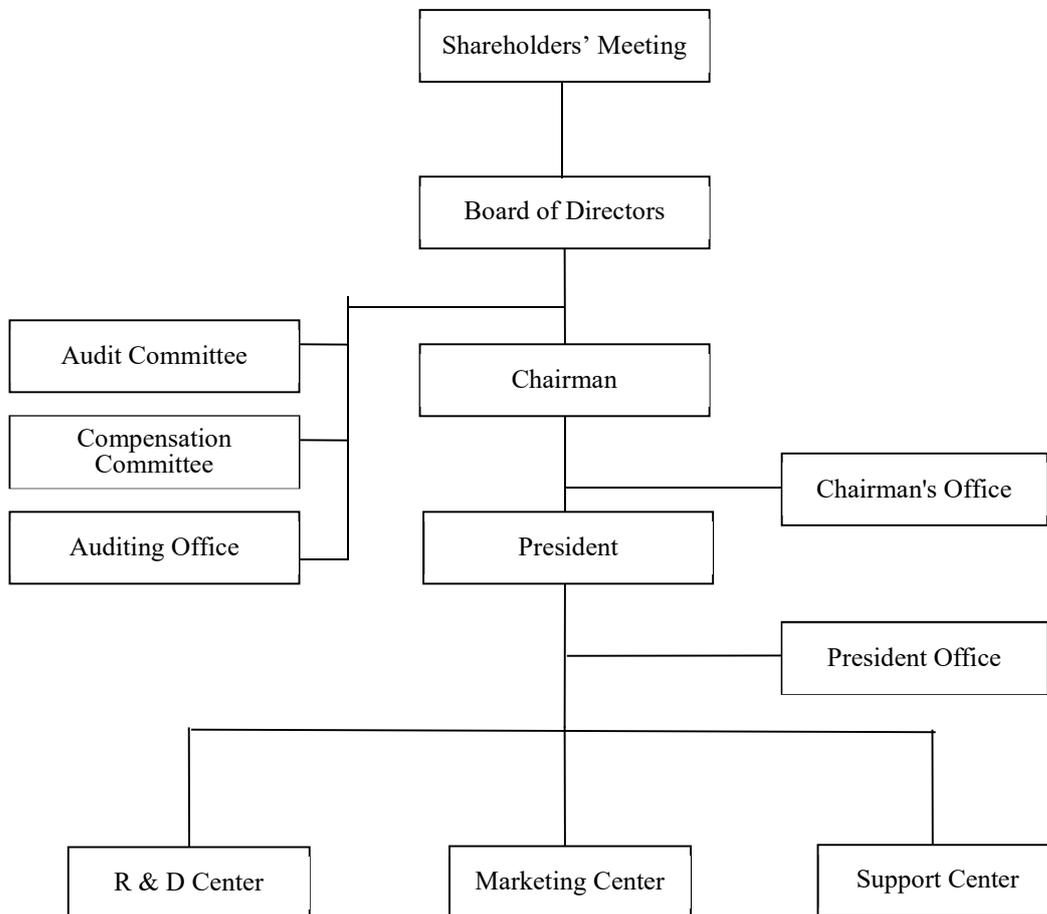
- The stock was successfully listed on the counter.
- Successfully developed 128*64 OLED driver IC/remote control aircraft servo control IC/MP3 decoding IC/AC3 decoding chip/160*160 OLED driver IC/RDS decoding IC.
- 2000
 - Set up Hong Kong branch office.
 - Successfully developed 70V 128 Bit Fluorescent Display Driver IC/16-bit Audio Sigma-Delta D/A Converter IC/Six-Channel Audio Process/Video Switch IC/36-Ch 8-Bit D/A Converter IC/1/3 Duty LCD Driver IC/64X48 Organic LCD Driver IC.
- 1999
 - Hsinchu R&D office opened.
 - Successfully developed Data Bank (Personal Database) Processing IC/Fluorescent Display Driver IC (PT6315, PT6355, PT6351) /Organic LED Driver IC/8-bit Microprocessor IC.
- 1998
 - To purchase additional machinery and equipment, the Company increased the paid up capital to NT\$350 million.
 - Successfully developed Programmable Rolling Code Encoder/Echo with Dynamic Memory, Surround Sound IC/Echo with Microphone Amplifier and Mixer IC/Fluorescent Display Driver IC (PT6311-U) /Preset Equalizer and 3D IC.
- 1997
 - Successfully developed volume control IC/remote control IC/digital echo processing IC/16 Bit Audio DAC.
- 1990
 - The factory was completed, and in December, the company and factory all moved to the new plant in Baoqiao Road, Xindian City.
- 1989
 - To tie in with the company's overall operational development, cash capital increased by ten millions.
- 1988
 - To set up a test factory, the company increased paid up capital to NT\$125 million.
- 1987
 - Integrated Circuit Design Department was established.
 - The company moved to Dunhua North Road, Taipei City in order to expand the business scale.
 - Cash capital increased by NT\$50 million.

- Adding new IC design equipment enables the development department to quickly research and develop new IC and accept customer commissioned design IC to enhance market competitiveness and customer confidence.
- 1986
 - Founded in Anhe Road, Taipei City, the company was founded to sell IC components and computer peripherals.
 - The capital is NT\$10 million.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organizational Chart



(II) Major Corporate Functions

sectors	Work in charge
Chairman's Office	<ol style="list-style-type: none"> 1. Review the company's operating status. 2. Operation and execution of Shareholders' Meetings and Board of Directors. 3. Strategic investment planning and management.
Audit Committee	<ol style="list-style-type: none"> 1. Supervise the acceptable expression of the company's financial statements. 2. Supervise Visa Accountant's choice (solution) and independence and performance. 3. Supervise the effective implementation of the internal control of the company. 4. Supervise company compliance with relevant laws and regulations. 5. Supervise the control of the existence or potential risks of the company.

Compensation Committee	<ol style="list-style-type: none"> 1. To formulate and regularly review the policies, systems, standards and structure of performance evaluation and salary compensation for Directors and managers. 2. Evaluate and set the compensation of Directors and Managers on a regular basis.
Auditing Office	<ol style="list-style-type: none"> 1. Establishment of internal control internal audit system. 2. The planning and execution of the audit plan. 3. Auditing the operation process of each department.
President Office	<ol style="list-style-type: none"> 1. Responsible for the planning, formulation and supervision of the company's medium-term strategy, annual policy and operation objectives. 2. Responsible for project planning and supervision. 3. PC, workstation, network operating system management. 4. MIS software development, system maintenance management and problem consultation and resolution.
R & D Center	<ol style="list-style-type: none"> 1. Based on market customer demand, IC research and development and product design. 2. Create component libraries, write programs to reduce design time and improve design quality. 3. Core technology development and specification development of software and firmware. 4. Provide customers with a complete software and hardware development platform, shorten the customer product development schedule. 5. Support for measure and test of IC design technical specifications.
Marketing Center	<ol style="list-style-type: none"> 1. New product planning and promotion. 2. International business development, market information collection and analysis. 3. Customer complaint handling, customer satisfaction survey. 4. Support and resolve customer and distributor product issues.
Support Center	<p>Technical Support:</p> <ol style="list-style-type: none"> 1. Planning and integration of process research and development. 2. Foundry FAB technical window and integration. 3. Process and packaging selection and advice; product technology consultation and assistance. 4. Assist in IC verification and debugging. 5. Assist in solving problems related to mass production products, product yield maintenance and improvement. <p>Quality Guarantee:</p> <ol style="list-style-type: none"> 1. Quality policy and ISO management system maintenance and implementation and implementation of continuous improvement activities 2. Supplier quality management and improvement to improve product quality. 3. Promote standardization and optimization of quality control related operating procedures. <p>Production Management:</p> <ol style="list-style-type: none"> 1. The new test machine evaluates, tests & assists test program verification. 2. Test engineering development for mass production 3. Management of outside processing production. 4. Logistics allocation of each warehouse, the configuration operation is executed. <p>Legal:</p>

1. Application for registration of patents, trademarks and layout.
2. Patent infringement analysis, risk assessment.
3. Contract preparation, review, filing and custody.

Information Department:

1. PC, workstation, network operating system management.
2. MIS software development, system maintenance management and problem consultation and resolution.

Procurement :

1. Product raw materials (including wafers, experimental materials), packaging, die saw, taping & reel, mask procurement.
2. Survey contact and data archive management of suppliers.
3. The planning and coordination of capacity plans.
4. Third-party development and management.

Finance:

1. Departmental budgeting and budgeting control.
2. Various tax processing and reporting operations.
3. Compile various accounting and management reports.
4. Bank Interaction Management.
5. Financial investment and foreign exchange management.

Personnel: Human resource management operations.

General Affairs and Environmental Safety Management:

1. General affairs, general affairs, and asset management related matters.
2. Plan and execute occupational safety and health management and environmental management related business.
3. Plan and execute the internal (external) audit business of the EHMS.

II. Information on the Company's Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors and Supervisors

April 20, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (academic)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Chang-An Chiang	Male 61-70 years old	2023.06.16	3	1999.06.14	11,557,256	6.39%	11,557,256	6.39%	0	0	0	0	1. Marketing Manager, UMC 2. Department of Electrophysics, National Yang Ming Chiao Tung University	1. President, Princeton Technology Corporation. 2. Chairman, Princeton Technology Corporation (Shenzhen) 3. Chairman, Princeton Technology Corporation Chuangzhi (Chengdu) 4. Chairman of Chengdu Chiprail Microelectronics 5. Chairman, Cherg Yih Investment Co., 6. Chairman, Princeton Silicon Corp. 7. Chairman, Morelink CO., Ltd. 8. Chairman, Foresight Technologies Co, Ltd. 9. Chairman, Sipp Technology Corporation 10. Director, Unifosa Corp 11. Director, Kenmao Computer Taiwan	None	None	None	The Chairman and President are the same person (Note 1)

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (academic)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															12. Director of Wenchuang No.1 13. Supervisor, Qunxin Venture Capital 14. Chairman, Siliac, Inc. 15. Director, Phoenix High-Tech Materials 16. Chairman, Himalayan Venture Capital 17. Chairman, Taixin Co., Ltd. 18. Chairman, Jiaxin Co., Ltd.					
Director	R.O.C.	Taihsin Co., Ltd. Representative: Wei-Ru Zhang	Female 61-70 years old	2023.06.16	3	2023.06.16	6,546,000	3.62%	6,546,000	3.62%	N/A	N/A	N/A	N/A	1. Director, Taiwan-Asia Semiconductor Corp.	Director, Foresight Tech. Corp.	None	None	None	
							10,000	0%	10,000	0%	0	0%	0	0%	2. Department of Tourism, Ming Chuan University					
Director	R.O.C.	Taihsin Co., Ltd. Representative: Lin Zhong	Male 31-40 years old	2023.06.16	3	2023.06.16	6,546,000	3.62%	6,546,000	3.62%	N/A	N/A	N/A	N/A	1. Representative, Kuan Xu Interior Decoration Co.,Ltd	Representative, Zhonglin Architects Office	None	None	None	
							0	0%	0	0%	0	0%	0	0%	2. Master of Department of Architecture, NCKU					
Director	R.O.C.	National Yang Ming Chiao Tung University Representative: Wei-Kuo Chen	Male 61-70 years old	2023.06.16	3	2005.06.13	1,225	0.00%	1,225	0.00%	N/A	N/A	N/A	N/A	1. Chairman, Department of Electronics, National Yang Ming Chiao Tung University	Professor, Department of Electrophysics, National Yang Ming Tung University	None	None	None	
							0	0%	0	0%	0	0%	0	0%	2. Ph.D., Institute of Electrical Engineering, State University of New York at Buffalo					
Independent Director	R.O.C.	Hsueh-Min Wu	Female 61-70 years old	2023.06.16	3	2005.06.13	0	0%	0	0%	0	0%	0	0%	1. Teco Co., Ltd.L AUDITING 2. Master of Commerce, University of Chicago	Independent Director, Unifosa	None	None	None	
Independent Director	R.O.C.	Yi-Chen Tsai	Female 51-60	2023.06.16	3	2005.06.13	0	0%	0	0%	0	0%	0	0%	1. Saiyan Genomics CFO and Spokesperson		None	None	None	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (academic)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
			years old											2. Master of Commerce, Ohio University						
Independent Director	R.O.C.	Yu-Feng Ma	Male 61-70 years old	2023.06.16	3	2008.06.13	0	0%	0	0%	0	0%	0	0%	1. Central Bank, Office of Economic Research 2. Ph.D., Business Administration, National Taipei University	Assistant Professor, Department of Finance and Banking, Shin Chien University Independent Director, Want Union Insurance Supervisor, Black Dragon Technology	None	None	None	
Independent Director	R.O.C.	Zhi-Ling Chen	Male 61-70 years old	2023.06.16	3	2023.06.16	0	0%	0	0%	0	0%	0	0%	1.Auditing member of Taipei CPA association. 2.Master of Accounting, National Cheng-Chi University	CPA of Nexia Sunrise Accounting Firm Independent Director, Unifosa	None	None	None	

Note 1: The Chairman and President of the company is to improve operational efficiency and decision-making execution, but to strengthen the independence of the Board, the company has actively trained suitable candidates, and the chairman also fully communicates with each Director the company's operation status and plan policies to implement corporate governance, the future of the company. At present, the Company has the following specific measures:

1. The current Directors and independent Directors are specialized in financial accounting and semiconductor industry, and can effectively play their supervisory functions.
2. Directors will be arranged to participate in professional Director courses from external institutions such as the Securities Foundation every year to increase the effectiveness of the Board of Directors.
3. Independent Directors can fully discuss and make recommendations on all functional committees for the Board's reference to implement corporate governance.
4. More than half of the Board Members are not employees or Managers.
5. In 2023, one independent director was added in the director election.

Major Shareholders of Institutional Shareholders April 20, 2024

Name of Institutional Shareholder	Major Shareholders
Taihsin Co., Ltd.	Chiahsin Co., Ltd. (100%)
Name of Institutional Shareholder	Name of donor and percentage
National Yang Ming Chiao Tung University	Please refer to the list of donations on the school website (https://www.fund.nctu.edu.tw/donation.php)

Major Shareholders of Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders
Chiahsin Co., Ltd.	Chang-An Chiang (30%) Hui-Chin Weng (30%)

Directors and Supervisors

I. Disclosure of Professional Qualifications and Experience and Independence of Directors:

Name (Note 1)	Criteria Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chang-An Chiang	B.S., Department of Electrophysics, National Yang Ming Chiao Tung University, previously served as the Marketing Manager of UMC, and currently serves as Chairman and President of Princeton Technology Corp. Mr. Chang-An Chiang is the founder of Princeton Technology Corp. and a pioneer in Taiwan's IC design industry, focusing on IC design and management of semiconductor industry, with rich operational judgment ability, management ability, leadership and other diverse professional background.	Non Independent Director	0
Wei-Ru Zhang	Department of Tourism, Ming Chuan University, served as Director of Taiwan-Asia Semiconductor Corp. and is currently the Director of Foresight Tech. Corp. Ms. Wei-Ru Zhang has extensive director experience in the electronic technology industry.		0
Lin Zhong	Master of Department of Architecture,		0

Criteria Name (Note 1)	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	NCKU, served as the representative of Kuan Xu Interior Decoration Co.,Ltd, and is currently the Representative of Zhonglin Architects Office. Mr. Lin Zhong has extensive company management capabilities.		
Wei-Kuo Chen	Ph.D., Institute of Electrical Engineering, SUNY at Buffalo, USA, served as Head of Department of Electronics, National Yang Ming Chiao Tung University, and currently Professor of Electrophysics at National Yang Ming Chiao Tung University. Mr. Chen has extensive academic experience and professional competence in electronic physics.		0
Hsueh-Min Wu	Master of Business, University of Chicago, USA, served as vice President of Auditing office of Dachan Great Wall Group. Ms. Wu specializes in internal audit, financial professional and corporate management.		1
Yi-Chen Tsai	Master of Business, Ohio University, USA, served as Chief Financial Officer and Spokesperson of Vita Genomics Inc. Ms. Yi-Chen Tsai specializes in financial accounting and corporate governance.	All Independent Directors comply with Article 3 of “Rules for Independent Directors to Set and Comply with Public Companies”, please note 2 for details	0
Yu-Feng Ma	Ph.D., Business Administration, National Taipei University, and currently serves as an assistant professor in the Department of Finance and Banking, Shin Chien University. Mr. Yu Fung Ma specializes in financial accounting and corporate governance.		1
Zhi-Ling Chen	Master of Accounting, National Cheng-Chi University, served as auditing member of Taipei CPA association and is currently CPA of Nexia Sunrise Accounting Firm. Mr. Zhi-Ling Chen has rich academic experience, internal auditing, corporate governance and financial accounting		1

Criteria Name (Note 1)	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	capabilities. He has extensive experience in corporate operations and growth, and has the ability to analyze and apply financial information.		

Note 1:

- (1) All members of the Directors do not have any matters in Article 30 of the Company Act.
- (2) Independent Director's expertise, please refer to Board members to implement diversity

Note 2: Article 3 of "Measures for Independent Directors to Set and Comply with Public Issuance Company"

- (1) I, my spouse, relatives within the second level are not Directors, Supervisors or employees of the Company or affiliates
- (2) Not a natural-person Shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (3) Not Managers or Directors, Supervisors, spouses, relatives within two relatives or relatives within three relatives of the company holding more than one percent of the issued shares or Shareholders of the top 10 natural persons
- (4) Not a Director, Supervisor or employee of a company with a particular relationship with the Company
- (5) In the last 2 years, the Director himself or the Director of the company has not provided the Company's exclusive or professional services

II. Board Diversity and Independence:

(I) Board Diversity:

To strengthen the operation of the Board of Directors and functions "Board Diversity", the company has a diversified and professional Board of Directors composed of experts and scholars with industry, accounting, business and investment. The Board members have industry experience, covering operation judgment, corporate governance and management professional areas such as risk management and sustainability management.

1. General board members: Composed of members with a bachelor's degree in Electrophysics from National Yang Ming Chiao Tung University, Ph.D., Institute of Electrical Engineering, SUNY at Buffalo, USA and a master's degree from the National Cheng Kung University's Institute of Architecture.
2. Independent director members: Composed of members with professional backgrounds such as a master's degree from the Graduate School of Business of the University of Chicago, a master's degree from the Graduate School of Business of The Ohio State University, a PhD from the Graduate School of Business Administration of Taipei University, and a master's degree from the Accounting Institute of National Chengchi University.
3. The company pays attention to the industrial experience and professional abilities of board members: the specific management goal of the board member diversity policy is to have at least 3 directors with financial accounting and taxation expertise, and at least 2 female directors; currently, among the 8 directors of the company, four of them have financial qualifications and 3 female directors, all of which account for 100% of the seats.

4. Six directors of the company are aged 61-70 years old, one director is aged 51-60 years old, and the other director is aged 31-40 years old.
5. The Company's two independent directors have a term of 18 years, one independent director has a term of 15 years, and the other independent director has a term of less than 1 year.
6. Board of Directors 8 seats, including 1 natural person Director, 3 Corporate Directors and 4 Independent Directors, Diversified composition, with different core competencies, Independent Directors with different professional background, effectively undertaking their duties, including establishing a good board governance system and guiding the company management. The hierarchy is committed to maximizing Stakeholder equity by strengthening management functions and overseeing the overall operating conditions of the company.

Diversified Core Projects	Basic composition									Diversified Situation									
	Name of Director	Nationality	Gender	Adjunct employees of the Company	ages			Years of office of independent Directors			Operational judgment	Accounting and Financial Analysis	Business management	Industry Knowledge	Corporate Governance	leadership	Decision-making ability	Risk Management	International Market View
					31 to 40	51 to 60	61 to 70	Under 3 years	3 years to 9 years	9 years or more									
Chang-An Chiang	R.O.C.	Male	V			V				V	V	V	V	V	V	V	V	V	
Taihsin Co., Ltd. Representative: Wei-Ru Zhang	R.O.C.	Female				V				V		V	V			V	V	V	
Taihsin Co., Ltd. Representative: Lin Zhong	R.O.C.	Male		V						V		V			V	V		V	
National Yang Ming Chiao Tung University Representative: Wei-Kuo Chen	R.O.C.	Male				V				V		V	V		V	V		V	
Hsueh-Min Wu	R.O.C.	Female				V				V	V	V	V		V	V		V	
Yi-Chen Tsai	R.O.C.	Female			V					V	V	V	V		V	V		V	
Yu-Feng Ma	R.O.C.	Male				V				V	V	V	V		V	V		V	
Zhi-Ling Chen	R.O.C.	Male				V	V			V	V	V	V		V	V		V	

(II) Independence of the Board:

1. The Company implements the corporate governance system, all operations and arrangements, and the Board of Directors shall exercise its powers in accordance with laws, Articles of Association or Shareholders' Meeting resolutions. The company respects the professionalism of Directors, all board motions can be fully discussed before the meeting, major motions or other projects as needed to consult the Directors to communicate in advance, and consult the Directors during the meeting, effectively improve the effectiveness of the decision making of the motion,

and forming a good Board Meeting culture. The Independent Directors objectively exercise their powers, audit the existence or potential risks of the Company to ensure the effective implementation of internal control, Visa Accountant's choice (solution) and independence and financial statements. The proportion of directors with employee status is 12.5%, and the proportion of independent directors is 50%.

2. According to the Company's "Director Election Method", the election of Directors (including independent Directors) adopts the cumulative voting system and the candidate nomination system, encourages Shareholders to participate, Shareholders holding more than a certain number of shares may propose a list of candidates, the candidate's eligibility conditions are reviewed and whether they violate the provisions of Article 30 of the Company Law Confirmation and related acceptance operations are carried out in accordance with the law and announcement to protect the rights and interests of Shareholders, and maintain independence. The Directors of the Company have no spouse and kinship within the second class, and no matter as stipulated in item 3 and 4 of Article 26 of Article 26 of the Securities Trading Act.

(II) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 20, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Chang-An Chiang	Male	2005.04.27	11,557,256	6.39%	0	0%	0	0%	Marketing Manager, UMC Department of Electrophysics, National Yang Ming Chiao Tung University	1. President, Princeton Technology Corporation. 2. Chairman, Princeton Technology Corporation (Shenzhen) 3. Chairman, Princeton Technology Corporation Chuangzhi (Chengdu) 4. Chairman of Chengdu Chiprail Microelectronics 5. Chairman, Cherng Yih Investment Co., 6. Chairman, Princeton Silicon Corp. 7. Chairman, Morelink CO., Ltd. 8. Chairman, Foresight Technologies Co, Ltd. 9. Chairman, Sipp Technology Corporation 10. Director, Unifosa Corp 11. Director, Kenmao Computer Taiwan 12. Director of Wenchuang No.1 13. Supervisor, Qunxin Venture Capital 14. Chairman, Siliac, Inc. 15. Director, Phoenix High-Tech Materials 16. Chairman, Himalayan Venture Capital 17. Chairman, Taixin Co., Ltd. 18. Chairman, Jiaxin Co., Ltd.	None	None	None	The chairman and President are the same person (Note 1)
Vice President	R.O.C.	Chih-Chan Lin	Male	2013.06.01	24	0%	0	0%	0	0%	Department of Economics, Kyushu University	None	None	None	None	
Vice President	R.O.C.	Wen-Ching Liao	Male	2014.08.04	0	0%	0	0%	0	0%	Oriental Technology Department of Electronic Engineering	None	None	None	None	
Assistant	R.O.C.	Fang-Tien Kuo	Male	2010.09.15	0	0%	0	0%	0	0%	1. Director, Tien Yu Semiconductor 2. Master of Electrical Engineering, National Tsing Hua University	None	None	None	None	
Assistant	R.O.C.	Ching-Hsing Huang	Male	2014.03.12	27,000	0.02%	0	0%	0	0%	Institute of Physics, National Taiwan University	None	None	None	None	
Assistant	R.O.C.	Chien-Yu Yang	Male	2017.09.01	0	0%	0	0%	0	0%	Graduate Institute of Accounting, Tamkang University	None	None	None	None	
Assistant	R.O.C.	Yi-Nan Chen	Male	2018.06.20	0	0%	0	0%	0	0%	Delin Institute of Technology Department of Electronic Engineering	None	None	None	None	
Assistant	R.O.C.	Li-Ying Chang	Male	2020.02.01	0	0%	0	0%	0	0%	Tamkang University	None	None	None	None	
Head of Finance	R.O.C.	Yu-Chen Hu	Female	2007.01.25	0	0%	0	0%	0	0%	1. Senior Manager, Standard Chartered 2. Master of Business Administration, St. John's University	1. Director, Cherng Yih Limited. 2. Supervisor, Morelink Co., Ltd 3. Director, Princeton Technology Corporation (Chengdu) 4. Supervisor, Qunxin Venture 5. Chairman, Group Management 6. Supervisor Chengdu Chiprail Microelectronics	None	None	None	
Audit Supervisor	R.O.C.	Yen-Chao Li	Female	2008.09.01	0	0%	0	0%	0	0%	1. Director, Hongguo Audit Office 2. Department of Accounting, Chinese Culture University	None	None	None	None	

Chief Accounting Officer	R.O.C.	Wen-Yu Lin	Female	2007.09.27	3	0%	0	0%	0	0%	1. Head of Audit, Ming Teng Industrial 2. Master of Accounting, Soochow University	1. Head of Accounting, Cherng Yih Limited 2. Director, Cherng Yih Limited 3. Supervisor, Chengdu Chiprail Microelectronics	None	None	None
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Note 1: The Chairman and President of the company is to improve operational efficiency and decision-making execution, but to strengthen the independence of the board, the Company has actively trained suitable candidates, and the Chairman also fully communicates with each Director the company's operation status and plan policies to implement corporate governance, the future of the Company The Division also plans to increase the number of Independent Directors' seats to enhance the functions of the board and enhance supervision functions. At present, the Company has the following specific measures:

1. The current Directors and independent Directors are specialized in financial accounting and semiconductor industry, and can effectively play their supervisory functions.
2. Directors will be arranged to participate in professional Director courses from external institutions such as the Securities Foundation every year to increase the effectiveness of the Board of Directors.
3. Independent Directors can fully discuss and make recommendations on all functional committees for the Board's reference to implement corporate governance.
4. More than half of the board members are not employees or Managers.
5. In 2023, one independent director was added in the director election.

(III) Compensation paid to Directors, supervisors (or independent Directors of audit committee), President and Vice President for the most recent year

1. Compensation

units for general Directors and Independent Directors: NT\$1,000, thousand shares/April 20, 2024

Title	Name	Compensation								Total amount and Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received By Directors Who are Also Employees								Total amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)	Compensation from Ventures Other Than Subsidiaries or from the Parent Company	
		Base Compensation (A)		Severance Pay and Pension (B)		Director Compensation (C)		Business Execution Expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	Cash	Stock	Cash	Stock	The Company		Companies in the Consolidated Financial Statements
Chairman (Note 1)	Chang-An Chiang	0	0	0	0	129.6	129.6	50	50	179.6 0.30%	179.6 0.30%	2,951.8	2,951.8	0	0	571.5	0	571.5	0	3,702.9 6.23%	3,702.9 6.23%	0
Director	Representative of Taihsin Co., Ltd.: Wei-Ru Zhang	0	0	0	0	129.6	129.6	30	30	159.6 0.27%	159.6 0.27%	0	0	0	0	0	0	0	0	159.6 0.27%	159.6 0.27%	0
Director	Representative of Taihsin Co., Ltd.: Lin Zhong	0	0	0	0	129.6	129.6	30	30	159.6 0.27%	159.6 0.27%	0	0	0	0	0	0	0	0	159.6 0.27%	159.6 0.27%	0
Director	National Yang Ming Chiao Tung University Representative: Wei-Kuo Chen	0	0	0	0	129.6	129.6	50	50	179.6 0.30%	179.6 0.30%	0	0	0	0	0	0	0	0	179.6 0.30%	179.6 0.30%	0
Independent Director	Yu-Feng Ma	0	0	0	0	129.6	129.6	130	130	259.6 0.44%	259.6 0.44%	0	0	0	0	0	0	0	0	259.6 0.44%	259.6 0.44%	0
Independent Director	Hsueh-Min Wu	0	0	0	0	129.6	129.6	130	130	259.6 0.44%	259.6 0.44%	0	0	0	0	0	0	0	0	259.6 0.44%	259.6 0.44%	0
Independent Director	Yi-Chen Tsai	0	0	0	0	129.6	129.6	130	130	259.6 0.44%	259.6 0.44%	0	0	0	0	0	0	0	0	259.6 0.44%	259.6 0.44%	0
Independent Director	Zhi-Ling Chen					129.6	129.6	70	70	199.6 0.34%	199.6 0.34%	0	0	0	0	0	0	0	0	199.6 0.34%	199.6 0.34%	0

1. The company's independent Directors' compensation, in addition to the results of the performance evaluation of Directors, in accordance with the company's "Compensation Committee Organization Rules", the compensation committee examines the participation and contribution value of each Director to the company's operation, linking the reasonable fairness of performance risk to the compensation, and Suggestions submitted to the Board of Directors after reference to the company's operating performance and the industry's usual level of support

2. Other than disclosures in the table above, compensation paid to Directors for providing services (such as consulting services as a non-employee) for all companies in the consolidated financial statements in the most recent year: None.

Note 1: Chairman Chang-An Chiang, the company provides a car for its use, cost NT\$3,805 thousand, 2023 annual depreciation cost **NT\$370 thousand**.

Note 2: The Directors' compensation in this table is the proposed number of Directors' compensation allotted by the board before the Shareholders' Meeting. The business execution fee is the carriage fee and is paid to the legal Director's representative according to the number of attendance.

2. Compensation of Supervisors:

The Company has set up an audit committee of three independent directors and replaces the functions of supervisors, so it is not applicable.

3. Compensation of President and Vice President

unit: NT\$1,000, 1000 shares /April 20, 2024

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances		Employee Compensation				Total amount and Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Director and President	Chang-An Chiang (Note 1)	6,216	6,216	0	0	1,255.8	1,255.8	1,541.5	0	1,541.5	0	9,013.3 15.27%	9,013.3 15.27%	0
Vice President	Chih-Chan Lin													
Vice President	Wen-Ching Liao													

Note 1: President - the company to provide a car, cost NT\$3,805 thousand, 2023 annual depreciation cost NT\$317 thousand.

Note 2: The amount of the retirement pension is based on the "Labor Standards Act" of the cost of retirement pension.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors	
	The Company	All consolidated entities
Less than NT\$1,000,000		
NT\$1,000,000(incl.)~NT\$2,000,000(excl.)		
NT\$2,000,000(incl.)~NT\$3,500,000(excl.)	Chih-Chan Lin、Wen-Ching Liao	Chih-Chan Lin、Wen-Ching Liao
NT\$3,500,000(incl.)~NT\$5,000,000(excl.)	Chang-An Chiang	Chang-An Chiang
NT\$5,000,000(incl.)~NT\$10,000,000(excl.)		
NT\$10,000,000(incl.)~NT\$15,000,000(excl.)		
NT\$15,000,000(incl.)~NT\$30,000,000(excl.)		
NT\$30,000,000(incl.)~NT\$50,000,000(excl.)		
NT\$50,000,000(incl.)~NT\$100,000,000(excl.)		
NT\$100,000,000 or above		

Total	9,012.8	9,012.8
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4. Employee dividends

Compensation to Managerial Officers and Distribution Status

April 20, 2024 Unit: NT\$1000; 1000 Shares

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	President	Chang-An Chiang	None	2,348	None	None
	Vice President	Chih-Chan Lin				
	Vice President	Wen-Ching Liao				
	Assistant	Fang-Tien Kuo				
	Assistant	Ching-Hsing Huang				
	Assistant	Chien-Yu Yang				
	Assistant	Yi-Nan Chen				
	Assistant	Li-Ying Chang				
	Head of Finance	Yu-Chen Hu				
	Chief Accounting Officer	Wen-Yu Lin				

Note 1: The amount of compensation of Managers for the year 2023 was passed by the Board of Directors.

Note 2: This is the amount of employee compensation (including stocks and cash) distributed to managers approved by the board of directors in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year.

(IV) Separate Comparisons and Descriptions of Total Compensation, as a Percentage of Net Income Stated in the Parent Company-Only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Compensation Policies, Standards, and Packages, Procedure for Determining Compensation, and Linkage Thereof to Operating Performance and Future Risk Exposure

If the Company's profit in the year, 5% ~ 20% of the employee compensation shall be allocated by the resolution of the Board of Directors to share or cash distribution, which includes employees of affiliated companies that meet certain conditions; the company has the above profit amount, the resolution of the Board of Directors to allocate 1.5% to the Director's compensation. The distribution of employee and Director's compensation should be reported to the Shareholders' Meeting. However, if the company still has accumulated losses, the amount of compensation should be retained in advance, and then the compensation of employees and Directors is proportional to the preceding. The President and Vice President's compensation, including salary, bonus, employee bonus, employee stock warrants, etc., is

based on the position held and responsibility, according to the level of counterparts for similar positions.

1. The compensation of Directors, President and Vice President of the Company is the company, and does not receive the feud of other companies in the consolidated report.
2. Total compensation of Directors, President and Vice President in 2023 and 2022 to individual financial report profit after tax

Title \ ratio	FY2023 Ratio of Total Amount to Net Income (%)		FY2022 Ratio of Total Amount to Net Income (%)	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Director	2.79%	2.79%	1.56%	1.56%
Supervisor (Note 1)	-	-	-	-
Name of the President and Vice Presidents	15.27%	15.27%	4.48%	4.48%

Note 1: The Company elected three independent Directors in the 2023/6/16 Shareholders' Meeting under nomination system and set up an audit committee to substitute supervisors.

3. Director's compensation includes compensation, business execution costs and Directors' compensation, etc. Business execution costs are paid by all Directors according to the number of attendance; Director's compensation is allocated according to the company's articles of association, the profit of 1.5% to the Director's compensation. The proportion of directors' remuneration distribution is based on the results of evaluation projects such as the company's grasp of the company's goals and tasks, the degree of participation in the company's operations, and the directors' professional and continuing education, and is distributed based on the weighted results. Individual compensation has been reported to the Compensation Committee and Board of Directors resolutions.
4. The compensation of President and Vice President includes fixed salary, performance bonus, employee compensation and other compensation, performance bonus and employee compensation are linked to operating performance. Evaluation indicators include position, management performance and department annual performance target achievement rate, such as revenue, gross profit margin, net profit rate and department customization key indicators, and pay the compensation to the Compensation Committee and Board resolutions after considering the company's overall profit, future risks and development strategies for the year.

(V) Training of Directors, Supervisors (including Independent Directors and Independent Supervisors):

The company's 2023 Directors participated in the professional training courses specified in the “Reference Example of Training Guidelines for Directors and Supervisors of Listed TPEs” as follows:

Title	Name	Date	Organizer	Course	Training Hours
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Director	Chang-An Chiang	112/9/26	112/9/26	Corporate Operating and Sustainable Development Association	Digital transformation, looking to the new future, new thinking in risk management	3.0
		112/11/30	112/11/30	Corporate Operating and Sustainable Development Association	Legal risk control for digital transformation	3.0
Director	Wei-Kuo Chen	112/8/9	112/8/9	Taiwan Corporate Governance Association	Innovation, digital technology and competitive advantage	3.0
		112/11/8	112/11/8	Taiwan Corporate Governance Association	New forms of cross-border information security threats and information security governance	3.0
Director	Wei-Ru Zhang	112/8/29	112/8/30	Securities and Futures Institutes	Practical seminar for directors and supervisors and corporate governance supervisors	12.0
Director	Lin Zhong	112/8/7	112/8/7	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3.0
Independent Director	Hsueh-Min Wu	112/7/12	112/7/12	Securities and Futures Institutes	Impact of Controlled Foreign Corporations (CFC) on Enterprises and Responses	3.0
		112/8/9	112/8/9	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3.0
Independent Director	Yi-Chen Tsai	112/10/18	112/10/18	Securities and Futures Institutes	Talent sustainability challenges after the epidemic	3.0
		112/12/12	112/12/12	Securities and Futures Institutes	Concepts, practices and tools of group tax governance	3.0

Independent Director	Yu-Feng Ma	112/9/15	112/9/15	Securities and Futures Institutes	A brief discussion on emerging financial technology crimes and prevention of money laundering	3.0
		112/11/7	112/11/7	Taiwan Institute of Directors	How the board of directors implements protection for elderly consumers	3.0
Independent Director	Zhi-Ling Chen	112/7/7	112/7/7	Securities and Futures Institutes	A brief discussion on emerging financial technology crimes and prevention of money laundering	3.0
		112/7/12	112/7/12	Securities and Futures Institutes	Impact of Controlled Foreign Corporations (CFC) on Enterprises and Responses	3.0

III. Implementation of Corporate Governance

(I) Board of Directors

1. Board of Directors

The most recent (2023) annual meeting of the Board of Directors (A), the attendance of the Directors (including independent Directors of the Audit Committee) is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) [B/A]	Remark
Chairman	Chang-An Chiang	5	0	100%	2023.6.16 Elected
Director	Xinxin: Representative: Xiao Wuxing (Note)	2	0	100%	2023.6.16 Resigned
Director	Xinxin Representative: Shengjie Chen	2	0	100%	2023.6.16 Resigned
Director	Taihsin Co., Ltd. Representative: Wei-Ru Zhang	3	0	100%	2023.6.16 Newly Elected
Director	Taihsin Co., Ltd. Representative: Lin Zhong	3	0	100%	2023.6.16 Newly Elected
Director	Yang Ming Chiao Tung University Representative: Wei-Kuo Chen	5	0	100%	2023.6.16 Elected
Independent Director	Yu-Feng Ma	5	0	100%	2023.6.16 Elected
Independent Director	Hsueh-Min Wu	5	0	100%	2023.6.16 Elected
Independent Director	Yi-Chen Tsai	5	0	100%	2023.6.16 Elected

Independent Director	Zhi-Ling Chen	3	0	100%	2023.6.16 Newly Elected
Other matters:					
<p>I. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent Directors' opinions, and the Company's response shall be specified:</p> <p>(I) The items listed in Article 14 of Article 3 of the Securities Exchange Act are not required because the Company has established an Audit Committee.</p> <p>(II) Any recorded or written Board resolutions to which independent Directors have dissenting or qualified opinions to be noted in addition to the above: None. None.</p> <p>II. Regarding recusals of Directors due to conflicts of interests, the names of the Directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.</p> <p>III. TWSE/TPEX-listed companies shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (peer) evaluation of the Board of Directors and fill out Table II (2) Implementation of the Evaluation of the Board of Directors: Not applicable. Please refer to Schedule 2 (2) for the execution of the Board's evaluation.</p> <p>IV. Measures taken to strengthen the function of the Board (including establishing the Audit Committee and enhancing information transparency) and results thereof: The Company is committed to implementing the governance of board members, sound supervision function, strengthening the effectiveness of board management and information transparency, and will continue to strengthen the functions and operational efficiency of the board and audit committee, so as to better supervise the operation of the company.</p> <p>1. On June 16, 2023, the company was elected by the 2023 Shareholders' Meeting according to the nomination system of four Independent Directors of the "Audit Committee", according to the "Audit Committee Rules" to implement the supervision responsibilities.</p> <p>2. The company in the public information observing station, Annual Report and the company's website information disclosure operations, all comply with relevant laws and regulations of the competent authorities, for the voluntary disclosure of information transparent company.</p> <p>3. The Company pays attention to the diversity of board members. "Board Performance Evaluation Method" was passed in 2021, the Board of Directors, Audit Committee and Compensation Committee internal assessment results for 2023 are "Excellent" and reported to the Board of Directors on February 29, 2024.</p> <p>4. The company has established "Corporate Governance Code of Practice" and corporate governance evaluation indicators according to the authorities to continue to strengthen corporate governance, the official website will update the corporate governance related information immediately to enhance the transparency of the company.</p>					

2. Implementation of Board Evaluation

Evaluation Cycle	Evaluation Period	Scope of assessment	Evaluate Method	Evaluation Content
Run once a year	2023/1/1-2023/12/31	Performance Evaluation of Board and Individual Board Members and Functional Committees	Internal self-evaluation of the board and self-evaluation of the members of the Directors	<ol style="list-style-type: none"> Evaluating Board Performance: Engagement of the Company's Operations, Quality of Board Decisions, Composition and Structure of the Board, Election of Directors, Continuous Education and Internal Control Performance evaluation of individual Directors: mastery of company goals and tasks, awareness of Directors' responsibilities, participation in company operations, internal relationship management and communication, professional and continuous development of Directors and internal control Performance evaluation of the functional committee: the degree of participation in the operation of the company, awareness of functional committee responsibilities, enhance the quality of decision-making of functional committees, the composition of functional committees and member selection and internal control

(II) Audit Committee

The most recent (2023) Audit Committee Meeting 4 times(A), the attendance of Independent Directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)	Remark
Independent Director	Yu-Feng Ma	4	0	100%	2023.6.16 Elected
Independent Director	Hsueh-Min Wu	4	0	100%	2023.6.16 Elected
Independent Director	Yi-Chen Tsai	4	0	100%	2023.6.16 Elected
Independent Director	Zhi-Ling Chen	2	0	100%	2023.6.16 Newly Elected

Other matters:

I. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's response to the Audit Committee's opinions shall be specified:

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

Date	Term	IMPORTANT RESOLUTIONS	Opinions of all Independent Directors and the company's handling of Independent Directors' opinions
2023/03/01	11th meeting of 5 th term	<ol style="list-style-type: none"> Recognized the company's 2022 annual financial statements and consolidated financial statements. The company's 2022 internal control system statement. 	No objection or reservation of all Independent Directors

		3. 2023 Annual accountant verification visa public fee.	
2023/05/04	12th meeting of 5 th term	1. Amendments to provisions of the Company's internal control system and internal audit implementation rules "Management to Prevent Insider Trading". 2. Added "Code of Corporate Governance Practice". 3. 2023 Annual CPA Independence Assessment	No objection or reservation of all Independent Directors
2023/11/09	2th meeting of 6 th term	1. Amendments to provisions of the Company's "Internal Control System Financing Cycle"	No objection or reservation of all Independent Directors

(II) Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.
None.

II. Regarding recusals of independent Directors due to conflicts of interests, the names of the independent Directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.
None.

III. Communications between the independent Directors, the Company's chief internal auditor, and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.).

The company's internal audit supervisor and financial supervisor report to the independent directors on a regular quarterly basis on the implementation of the internal audit plan and financial report review in accordance with the audit committee's organizational procedures. They also hold meetings from time to time based on the company's financial and business needs. This year's independent communication meeting between the independent directors, the internal audit supervisor and the CPA was held on December 19, 2023, to discuss and communicate via video conference on the audit strategy formulated during the audit planning process, related corporate governance matters and the independence of the accountant; all achieve a full understanding of the results, and interact well with each other.

IV. Annual work priorities and operation:

1. The audit committee of the company consists of four independent Directors, according to the organizational rules of the audit committee, the annual deliberation focus includes:
 - (1) Financial statements.
 - (2) Revision of internal control system and implementation status of internal audit
 - (3) Visa accountant appointment, resignation and compensation assessment
 - (4) Major Assets, Derivatives, Capital Lending and Endorsement Guaranteed Transactions
 - (5) Matters involving the Directors' own interest
 - (6) Major matters stipulated by the competent authorities
2. In 2023, the audit committee meeting was held four times and attendance rate is 100%. Good attendance, relevant motions were scrutinised and passed without objection, and smooth communication with independent directors and CPAs.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has taken the “Code of Practice on Corporate Governance” under the “Code of Practice on Listed OIPO Corporate Governance”. The company website also has a section “Corporate Governance” for investors to inquire and download the relevant corporate governance regulations.	No difference
II. Shareholding structure & Shareholders' rights				
(I) Does the Company establish internal operating procedures to deal with Shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedures?	✓		(I) To ensure Shareholders' rights, a Spokesperson has been set up in the Chairman's Office and appointed KGI Securities's Agency Department to handle Shareholders' proposals or disputes.	No difference
(II) Does the Company possess a list of its major Shareholders with controlling power as well as the ultimate owners of those major Shareholders?	✓		(II) The Company manages the major Shareholders and their ultimate controllers based on the register of Shareholders of the Shareholders of the Shareholders, and regularly report the changes in the shareholding of Directors and managers.	
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	✓		(III) The company and affiliated companies “related party transaction management”, “endorsement guarantee”, “loan and”, “acquisition or disposition of assets” have methods to control and implement, establish risk control mechanism and firewall.	
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	✓		(IV) On November 10, 2022 and May 4, 2023, the company's board of directors approved the revision of the "Internal Major Information Processing Operation Procedures" and the "Insider Trading Prevention Management	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			Operation Procedures", both of which informed insiders to strictly follow them. Insiders are strictly prohibited to use undisclosed information in the market to buy and sell securities, and it is expressly stipulated that directors are not allowed to trade company stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board have diversified policies, specific management objectives and implementation?</p> <p>(II) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?</p> <p>(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has formulated a "Corporate Governance Code of Practice". The company has a diversified and professional board of Directors composed of experts and scholars with industry, accounting, business and investment. The Board members have industry experience, covering operation judgment, corporate governance and management Professional areas such as risk management and sustainability management.</p> <p>(II) At present, the Company has not set up any functional committees other than the Compensation Committee and the Audit Committee.</p> <p>(III) The company has established the "Board and Functional Committee Performance Evaluation Measures" and performs the performance evaluation of the Board every year. The evaluation methods include internal self-evaluation of the board, self-evaluation of the members of the Directors, functional committee internal self-</p>	No difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>Directors' compensation and nomination and renewal?</p> <p>(IV) Does the Company regularly evaluate the independence of the CPAs?</p>	✓		<p>evaluation, and report the results to the board as future selection or nomination of Directors and individuals Reference basis for salary compensation of other Directors.</p> <p>(IV) The company conducts an independent assessment of accountants on the board of Directors once a year according to the Corporate Governance Code of Practice. The assessment includes confirming unrelated relationship with the company's senior executives, no funds borrowing or non-public fee monetary interests, not continuously performing visa services for more than seven years After the approval of the Audit Committee resolution on 4 May 112, the latest assessment was reported to the Board of Directors for approval.</p>	
<p>IV. Does the Company appoint a suitable number of competent personnel and a Supervisor responsible for corporate governance matters (including but not limited to providing information for Directors and Supervisors to perform their functions, assisting Directors and Supervisors with compliance, handling work related to meetings of the Board of Directors and the Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' Meetings)?</p>	✓		<p>On May 4, 2023, the company appointed Yuzhen Hu, Finance Manager, as the Corporate Governance Manager and appointed a Corporate Governance Officer. The main duties are to handle matters related to the Board and Shareholders' Meetings, provide information necessary for the conduct of the business, assist Directors to continue the redevelopment matters, etc. Please refer to the company website for FY2023 business execution focus and learning status of the corporate governance director.</p>	No difference
<p>V. Has the Company established communication channels and built a dedicated section on its website for Stakeholders</p>	✓		<p>The company maintains good relationships with customers, suppliers and other stakeholders, adheres to the principle of integrity, provides sufficient business information, and properly</p>	No difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(including but not limited to Shareholder, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?			safeguards their legitimate rights and interests. The company has a Spokesperson, and has set up a Stakeholder area on the company's website, including customers, suppliers, investors, employees and others, providing email addresses and specific contact windows for all kinds of Stakeholders to ask questions, and timely reply by the main business person in charge, maintain a good communication channel.	
VI. Has the Company appointed a professional Shareholder service agency to deal with Shareholder affairs?	✓		The Company appoints KGI Stock Affairs Agency Department to handle the Shareholders' Meeting of the Company.	No difference
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?	✓		(I) The Company has set up a corporate website (www.princeton.com.tw) to disclose financial information and corporate governance ("Board resolutions and audit committee organizational rules", "internal audit operations" and "important internal regulations").	No difference
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		(II) The company's website has four versions of Chinese, English, Japanese, and Korean, designated customer service units are responsible for collecting and revealing the company's new product/exhibition information, company material information, financial reports, announcements, corporate governance information on the company website, and before and after the legal person briefings. Set up the company's website for the investment public reference. The company also assigned a spokesperson and spokesperson to explain the company's finance, business, R&D and other development status to implement the spokesperson system.	
	✓			

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?			(III) The company announced and reported its annual financial report within two months after the end of the fiscal year. The company completed the announcement and submit the first, second and third quarter financial reports and operation status of each month before the specified deadline.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and supervisors)?	✓		<ol style="list-style-type: none"> 1. Employee rights and employee care: For the maintenance of employees' rights and interests, each employee is added labor insurance, health insurance and pension reserves to protect the rights of employees in accordance with the law, in addition to the relevant labor laws and regulations, the company also complies with some of the company's regulations even better than the regulations Set, such as paternity leave, paternity leave, sick leave during hospitalization is still full pay and the first year leave. In addition to free group insurance for employees and children, to make up for the lack of national health insurance, to provide employees a free medical examination a year, annual staff sports meeting or family day activities, quarterly birthday party, and provide condolences to hospital colleagues. 2. Investor Relations: The Company assigns a spokesperson and acting spokesperson to explain the company's financial, business, R&D and other development status, maintaining communication channels with investors. 3. Supplier Relations: The company has related methods for supplier management, in addition to requiring close cooperation from suppliers, 	No difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>we also regularly audit suppliers to ensure delivery and quality and good interaction with them.</p> <p>4. Rights of Stakeholders: For the company's stakeholders, such as shareholders, investors, customers, etc., the company maintains a smooth communication channel at any time, and publishes public information immediately to maintain the interests of stakeholders. The Company has company introduction, product/business information, and investor services [including major company information, quarterly/annual Report information, legal information, corporate governance information, shareholder column (such as spokesperson, stock agency, the company's latest share price, dividend distribution Shareholders' meeting announcements and analyst reports)] and other information.</p> <p>5. Directors' Education Status: The Company establishes a mechanism for further learning for Directors to achieve the goal of corporate governance improvement. In addition to maintaining their professional strengths and abilities, we encourage Directors to maintain their professional strengths and abilities, to choose to cover the topics related to corporate governance. Finance, Risk Management, Business, Business, Accounting or Law courses for further training.</p> <p>For this year, Directors participated in the professional training courses designated by "Listed TPEs Directors/Supervisors Training Guidelines", please refer to the above Directors and supervisors training situation.</p> <p>6. The implementation of risk management policies and risk measures: The Company has</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>various management procedures such as “Derivatives Trading Procedures”, “Procedures for Managing Risks in Derivatives Trading”, “Acquisition or Disposal Procedures” and “Endorsement Guarantee Measures” for the execution unit and audit the basis of the nuclear unit.</p> <p>7. Protect the implementation of consumer or customer policy: In order to take into account the full range of customer services and consumer protection, we provide 2 channels: customer complaint handling and website real-time service system, to promote PTC, customer interaction effect, and to meet everyone through the service network and regular review improvements at weekly quality Meetings, monthly supervisors meetings and quarterly QBR meetings.</p> <p>8. The case of liability insurance for Directors: We continue to purchase liability insurance for all Directors every year since 1992.</p>	
<p>IX. Please describe the improvement in the latest corporate governance evaluation results published by the Taiwan Stock Exchange Corporation's Corporate Governance Center, as well as priority enhancements and measures for those not yet improved: The company has taken to continuously improve the results of corporate governance assessments, examples are listed below:</p> <p>1. Indicator 2.1: The company has formulated a corporate governance code and approved it by the board of directors.</p> <p>2. Indicator 2.2: The company has formulated a policy for the diversity of board members, and disclosed the specific management goals and implementation status of the diversity policy on the company's website and annual report.</p> <p>3. Indicator 2.9: The company has formulated a succession plan for board members and key management, and disclosed its operations on the company's website or annual report.</p>				

(IV) Composition, Duties, and Operation of the Compensation Committee

1. Professional Qualifications and Independence Analysis of Compensation Committee Members

Criteria		Professional Qualifications and Experience (Note 2)	Independence (Note 3)	Number of Other Public Companies Where the Individual Concurrently Serves as a Compensation Committee Member
Name	Identity (Note 1)			
Independent Director	Hsueh-Min Wu	1. More than 20 years of experience in business, finance and accounting 2. For professional qualifications and experience and independence, please refer to Directors' Information page 11-13 3. Each member complies with Article 3 of "Measures for Independent Directors' Setting and Compliance for Public Offering Companies" two years before election and during their tenure.		1
Independent Director	Yu-Feng Ma			0
Independent Director	Yi-Chen Tsai			0
Independent Director	Zhi-Ling Chen			1

Terms of reference of the Compensation Committee:

According to the scope of the responsibilities of Article 2 of the Company's "Organization Rules of Compensation Committee", the Company shall faithfully perform the following functions with the attention of a Good Manager and submit the proposals to the Board for discussion:

- (1) To formulate and regularly review the performance evaluation criteria for Directors and Managers, annual and long-term performance targets, and compensation policies, systems, standards and structures, and discloses the performance evaluation criteria in the Annual Report.
- (2) Evaluate the performance goals of Directors and Managers on a regular basis, and determine the content and amount of individual compensation based on the evaluation results obtained from performance evaluation criteria. The Annual Report shall disclose the individual performance evaluation results of Directors and Managers, and the correlation and rationality of the content and amount of individual compensation and performance evaluation results, and report in the Shareholders' Meeting.

The Committee shall comply with the following principles in the performance of its previous functions:

- (1) The performance evaluation and salary compensation of Directors and Managers should refer to the usual level of expenditure, and consider the personal performance evaluation results, personal performance, company operating performance and future risks.

- (2) Directors and Managers should not be guided to the pursuit of salary and compensation to overtake the company's risk appetite.
- (3) The ratio of dividend disbursement for the short-term performance of Directors and Senior Managers and part of the change in salary payment time should be determined by taking into account industry characteristics and the business nature of the company.
- (4) The content and amount of compensation of Directors and Managers should consider its rationality. The decision of compensation of Directors and Managers should not be significantly deviated from financial performance. If there is a major recession in profit or long-term loss, the salary shall not be higher than the previous year, if still higher than the previous year, the Annual Report should be Disclosure of the rationality statement and reported at the Shareholders' Meeting.
- (5) Members of the Committee shall not join the discussion and vote on their decisions on their personal compensation.

The first two referred to compensation include cash compensation, stock options, dividend shares, retirement benefits or resignation payments, various allowances and other measures with real incentives.

The compensation of Directors and Managers of the company's subsidiaries shall be subject to the approval of the Board of Directors and shall be submitted to the Board for discussion after the recommendations of the Committee.

2. Operation Status of the Compensation Committee:

- (1) The Company's Compensation Committee members total 4 people.
- (2) The current term of appointment: from June 16, 2023 to June 15, 2026, the most recent year (2023) of the Compensation Committee Meetings (A), the qualifications and attendance are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)	Remark
Convener	Hsueh-Min Wu	2	0	100%	
Committee Member	Yi-Chen Tsai	2	0	100%	
Committee Member	Yu-Feng Ma	2	0	100%	
Committee Member	Zhi-Ling Chen	1	0	100%	Newly elected

Other matters:

- (I) If the Board of Directors refuses to adopt or amend a recommendation from the Compensation Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's response to the Compensation Committee's opinion (e.g., the circumstances and cause for the difference if the compensation passed by the Board of Directors exceeds the recommended amount by the Compensation Committee) shall be specified: None.
None.
- (II) If there were resolutions by the Compensation Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.
None.
- (III) The latest Annual Compensation Committee Meeting and resolution results and the company's handling of members' opinions.

Compensation Committee	Motion content and resolution results
6th meeting of 4th term March 1, 2023	Motion: Discuss the allocation of employees' and Directors' compensation for the year 2022.
	Member's opinion: No objections or reservations. Resolution result: The Chairman's motion was passed for all members present. The company's handling of the opinion of the compensation committee: the Board of Directors agreed to by all present Directors.
1th meeting of 5th term November 9, 2023	Motion 1:FY2023 Manager Key Performance Indicators and Measurement Mechanism
	Member's opinion: No objections or reservations. Resolution result: The Chairman's motion was passed for all members present. The company's handling of the opinion of the compensation committee: the Board of Directors agreed to by all present Directors.
	Motion 2:FY2023 annual performance appraisal and year-end bonus issuance.
	Member's opinion: No objections or reservations. Resolution result: The Chairman's motion was passed for all members present. The company's handling of the opinion of the compensation committee: the Board of Directors agreed to by all present Directors.

(V) Promotion of sustainability implementation and differences and reasons from the Code of Practice for Listed Companies

Evaluation Item	Operation (Note 1)		Differences and causes	
	Yes	No		
I. Whether the company establishes a governance structure to promote sustainable development, and set up a special (part-time) unit to promote sustainable development, and is authorized by the Board of Directors to the senior management, and the supervision of the board		✓	Although the company has not established a governance structure to promote sustainable development and has not set up a dedicated unit to promote sustainable development, risk assessment on environmental, social and corporate governance issues is ongoing and promoted. It is expected to complete the preparation of ESG report in 2024.	No dedicated unit to promote sustainable development
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?		✓	Although the company has not set a risk management policy, the corporate social responsibility dedicated unit is the general affairs and environmental safety management department and personnel administration department, and is currently committed to the implementation of corporate social responsibility.	Risk management policy is not defined
III. Environmental issues				
(I) Has the Company established environmental management systems based on its industry's characteristics?	✓		(I) In promoting the environmental safety and health activities, the company in addition to domestic environmental safety and health regulations, also in line with the international implementation of the environmental safety and health management system, and obtained the ISO14001 environmental management system ISO45001 occupational safety and health management system certification. Fire drills and safety and health education and training are held annually and regularly to cultivate employees' emergency response and self-safety management capabilities.	No difference
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	✓		(II) The company is committed to improving the utilization efficiency of various resources to achieve the target of material reduction and waste reduction, and design products that meet international environmental regulations in order to reduce the impact on the environment. The company's products comply with various government product and service laws and regulations, and comply with the EU RoHS/REACH regulations on hazardous substances.	
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(III) The IC design industry is located in the upstream of the semiconductor industry. The company has no relevant manufacturing procedures. If there are substantial risks due to climate change, the only increase in costs will be due to the increase in electricity and	

Evaluation Item	Operation (Note 1)		Differences and causes
	Yes	No	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		✓	<p>water demand for air conditioning and office lighting. Therefore, the company has promoted paperless operations and the use of energy-saving lamps and water-saving appliances. At the same time, we implement the policy of turning off lights and saving water. We actively pay attention to various energy conservation, carbon reduction and greenhouse gas reduction issues, and continue to promote promotion and implementation.</p> <p>(IV) The company is the IC design industry, the main business is IC design and research and development, does not involve manufacturing production. Due to the nature of the industry, there is no environmental pollution, so the greenhouse gas emissions, water consumption and total waste weight have not been counted in the past two years.</p>
<p>IV. Social Issues</p> <p>(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(II) Does the Company formulate and implement reasonable employee benefit measures (including compensation, leave, and other benefits) and appropriately employee compensation based on operating performance or results?</p>	<p>✓</p> <p>✓</p>	<p>(I) The company recruited, appointed personnel does not vary due to their gender, race, province, etc., and according to the relevant laws and regulations to provide parental leave, paternity leave, paternity leave, paternity leave, paternity leave, full appointment with disabilities for our employees. The employees' rights and obligations comply with China's Labor Standards Act, Gender Equality Act, Personal Data Protection Act, Employment Services Act and other relevant regulations.</p> <p>(II) The company has a “employee welfare committee” to promote a variety of welfare system, weekday employee welfare activities include community activities, birthday party, holiday gifts, travel activities, marriage and funeral subsidies, etc., increase the emotional exchange and team spirit among employees. In addition to labor insurance and health insurance, we also have group life insurance, accident insurance and hospitalization medical insurance and cancer insurance. The recruitment, promotion and remuneration of employees of the Company are determined based on their job category, academic experience, professional knowledge and skills, professional years of experience and</p>	No difference

Evaluation Item	Operation (Note 1)		Differences and causes
	Yes	No	
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	√		<p>personal performance, and do not differ based on age, gender, race and other factors. The company integrates gender balance into all human resources practices. In 2023, the average ratio of female employees to all employees was 39.9%, and the ratio of female supervisors was 30%. It continues to promote gender balance to make the best decisions and innovations, and improve employee satisfaction.</p> <p>(III) The Company enhances the safe and healthy working environment of employees through the following ways:</p> <ol style="list-style-type: none"> 1. Regularly handle employee health checks. 2. Promote a smoke-free working environment to allow employees to work in a comfortable and healthy environment. 3. Provide employees with clean and safe drinking water and regularly testing, maintenance and disinfection. 4. Irregular drills such as fires, earthquakes, etc. to improve the staff's emergency response ability and minimize the impact of employees. 5. Irregular outdoor activities, such as hiking or travel, so that employees can take care of their health and exercise habits while working.
(IV) Has the Company established effective career development and training plans for its employees?	√		<p>(IV) The company has “education and training control procedures”, including the company's education and training system, education and training specifications, respectively, for different levels, professions and new personnel planning suitable training courses. Annual education and training plans are arranged for quality, HSE related personnel and regulations to arrange internal and external training courses.</p>
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	√		<p>(V) In order to take into account the full range of consumer services and consumer protection, the company provides 2 channels: customer complaint handling and website real-time service system to promote the effect of PTC and customer interaction, and to meet everyone's needs through the service network every time</p>

Evaluation Item	Operation (Note 1)			Differences and causes
	Yes	No	Abstract(Note 2)	
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.		✓	(VI) The company has formulated supplier management policies. In addition to regular audits and evaluations on product quality and specifications, it has also formulated management policies and requires suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health, and labor rights, and regularly assess whether suppliers have records that impact the environment and society. If suppliers do not meet the requirements, they are required to complete improvements and meet standards within a specified period.	
V. Does the company make reference to international guidelines or guidelines for preparing reports that disclose non-financial information such as ESG reports? Does the report obtain the assurance or assurance of third party verification units?		✓	The company will issue a "ESG Report" in the second half of this year, which is currently being consolidated by a consulting company. Although the compilation has not yet been completed, the company continues to comply with environmental, social and corporate governance.	"ESG Report" has not yet been defined
VI. If a company has its own CSR Code of Practice in accordance with the "Code of Practice on Corporate Social Responsibility for Listed Companies", please state the difference between its operation and the prescribed rules: Although the company has not yet formulated a "Code of Practice for Sustainable Development", relevant issues such as sustainable management, environmental protection, employee rights, social welfare and related information disclosure are regulated by internal systems.				
VII. Other important information that helps to understand the operation of CSR: 1. Our company is a professional IC design company, focusing on IC R&D and design. It is a pollution-free industry and has no environmental pollution. 2. The company participates in social welfare-related activities from time to time. 3. The company manages its employees in accordance with the "Labor Standards Act" and relevant labor laws, and has dedicated personnel to handle employees' work matters to protect their basic rights and interests. 4. Our company handles safety and health work in accordance with relevant occupational safety and health laws and regulations to ensure the health and safety of workers.				

(VI) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?</p> <p>(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The company has not yet established integrity management policy, the only to uphold integrity, adhere to quality, encourage innovation and focus on efficiency as the management and business standards, from top to bottom all requirements to comply with all laws and regulations, and set up various internal methods to ensure integrity operation and legal compliance, the company Director If any decision or transaction involves conflicts of interest, Directors and Managers are not allowed to vote on the basis of the principle of avoidance of interest.</p> <p>(II) The Company has not set out to prevent dishonesty, but the following rules and regulations have been set out:</p> <ol style="list-style-type: none"> 1. Rules of Procedure for Shareholders' Meetings 2. Rules of Procedure for Board of Directors Meetings 3. Rules for Director Elections 4. Procedures for Acquisition or Disposal of Assets 5. Endorsement guarantee operation method 6. Fund lending and other people's operation methods 7. Operating procedures for derivatives trading 8. Audit Committee Organization Rules 9. Compensation Committee Organization Rules <p>(III) The Company has not set a plan to prevent dishonest, but major operational policies, investment projects, acquisition and disposal of assets, endorsement guarantee, funds lending, bank financing, etc. have been</p>	<p>Integrity management policy has not yet been developed</p> <p>pPrevent dishonest behavior has not yet been developed</p> <p>pPrevent dishonest behavior has not yet been developed</p>

conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?			assessed and analyzed by the relevant responsibility department, and shall be resolved by the Board of Directors.	
<p>II. Fulfilment of ethical corporate management</p> <p>(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts?</p> <p>(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?</p> <p>(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The company conducts regular supplier and OEM evaluation, also evaluates customer receipts and credit, in order to avoid transactions with dishonest companies, and related transaction documents will be subject to review by legal authorities, and must be verified by the authorized decision.</p> <p>(II) The company has not set up a dedicated unit affiliated to the board of Directors to promote corporate integrity management, but related to major operating policies, investment cases, acquisition and disposal of assets, endorsement guarantee, capital lending, bank financing, etc. are assessed and analyzed by the relevant authority, and shall be determined by the Board of Directors.</p> <p>(III) The company provides business department window for customers to consult, communicate or deal with product related problems, has achieved prompt and effective treatment effect.</p> <p>(IV) The company has not set a plan to prevent dishonest behavior, but the accounting department according to accounting principles to review the transaction accounts, consult the accountant for major cases or suspected cases; the audit office regularly audits various departments, implement supervision mechanism and control various risk management.</p> <p>(V) The company has not held regular integrity management training courses, and will be held regularly as needed in the future.</p>	<p>No difference</p> <p>Has not been set up affiliated to the Board of Directors to promote corporate integrity management special units No difference</p> <p>No plan has been established to prevent dishonest behavior</p> <p>Education and training of integrity management is not held regularly</p>
<p>III. Operation of the whistle-blowing system</p> <p>(I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are</p>		<p>✓</p>	<p>The company has not yet established a reporting system, and the plan will be set at an appropriate time in the future.</p>	<p>No reporting system yet</p>

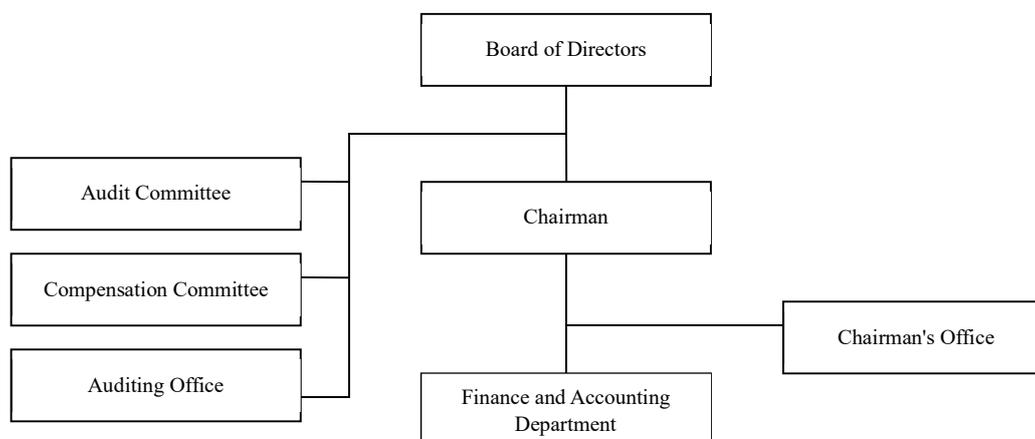
appropriate personnel assigned to the accused party for the follow-up?		✓		
(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?		✓		
(III) Does the Company provide proper whistleblower protection?		✓		
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?		✓	The company has not established a code of integrity business, the future will be subject to the actual needs according to the laws and regulations in due time.	Not yet established operating code of integrity
V. If a company has its own operating code of integrity in accordance with the "Code of Conduct of Integrity", please state the difference between its operation and the prescribed rules: The Company has not yet established a Code of Conduct of Integrity, please disclose in this Annual Report "Corporate Governance Report" Description.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies): None.				

(VII)Corporate Governance Guidelines and Regulations and the Inquiry Method:

The company has a "Code of Corporate Governance Practice", which has relevant standards for protecting the rights and interests of shareholders, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency. It also reviews and evaluates corporate governance assessments conducted by the stock exchange one by one. The actual implementation of the indicators is expected to help the company gradually establish a good corporate governance system to improve the effectiveness of corporate governance. For the company's corporate governance operations, please refer to the disclosure instructions in the "Corporate Governance Report" of this annual report. Regarding the company's "Corporate Governance Report" "Code of Corporate Governance Practice", please go to the company's website for inquiries.

(VIII) Other Important Information Regarding Corporate Governance:

1. Risk Management Organizational Structure



Board of Directors: responsible for supervising activities and loyal attention, and authorizing the audit committee to oversee the normal operation of the company.

Audit Committee: Supervises whether the company's financial statements allow expression, the effective implementation of internal control, compliance with relevant laws and regulations, and control the existing or potential risks, and submit the proposed motion to the Board for resolution.

Compensation Committee: Responsible for formulating and regularly reviewing the policies, systems, standards and structures of performance evaluation and compensation of Directors and Managers, and regularly evaluates and sets the compensation of Directors and Managers, and delivers the proposed motion to the Board for resolution.

Auditing Office: Responsible for self-assessment of internal control, compliance and confirmation of internal policies and external laws.

2. Risk Management Policy and Implementation

(1) Derivatives Trading

A. Source of law:

The Company's derivatives transactions are for the purpose of avoiding market risks caused by exchange rate and interest rate fluctuations, and are not used for arbitrage and speculation purposes. The basis for execution is based on relevant regulations and international accounting standards issued by the competent authority IFRSS process.

B. Risk Management Mechanism:

a. The company's derivatives transactions are handled by the Finance & Accounting Department. If there is a transaction abnormality, you must immediately formulate

a countermeasure and report the approval of the Chief of Finance & Accounting Department and authorized personnel of the board of Directors, and continue to track the improvement.

- b. In order to avoid default risk due to the credit abnormal trading objects, the company uses long-term credit rating as an indicator, according to the risk and period of financial products, the company specifies the credit rating range of different tradable objects, and review once every six months to avoid the risk of default of the company subject to loss.
- c. The company independently outside the Finance & Accounting Management Center set up Internal Audit Department, periodically audit the effectiveness and permissibility of various safe-haven transactions in the accounting department. After the approval of the President authorized by the board of Directors, the company will continue to track the improvement.

C. Strategy formulation:

The company's safe-haven trading strategy is to develop short, medium and long term safe-haven strategies and select the most appropriate financial products by the Finance Department according to the company's foreign exchange needs and capital dwarfs, and market trends.

D. Operating Strategy:

The company's exchange rate hedge is based on the principle of reducing the natural risk of net exchange rate risk areas. Exceeding part of the daily operating foreign exchange funds are sold at the market rate favour of spot or forward foreign exchange.(2) Money Lending with Others

The relevant operating procedures of the company's funds lending and others are in accordance with the approved by the board of Directors of the “operation method of funding and others”, loan and the party in principle for the funds in the company transfer investment or business dealings of the company, each company can loan amount in addition to the provisions of Article 15 of the Company Law, and the will be implemented after approval of Board of Directors.

(3) Endorsement Guarantee

The relevant operating procedures of the company endorsement guarantee according to the board approved by the board of “endorsement guarantee”, endorsement of the principle of the parent and subsidiary company or business related company, endorsement to ensure that the project is mostly financing and import tax guarantee, because the related company financial sound and stable operation, it has never been endorsed because Guaranteed loss.

3. Analytical Evaluation of Risk Matters

A. Impact of interest rate, exchange rate changes and credit risk on profit and loss and future measures:

a. Effect on Company's Gains and Losses:

Item	2023 (NT\$ thousand; 0%)
Interest income and expenses, net	1,182
Net exchange gain or loss	56
Ratio of net interest income and expenses to net operating income	0.07%
Net interest income and expenditure to net income before tax	2.07%
Conversion Gain/Loss to Net Revenue Ratio	0.00%
Net Exchange Gain/Loss to Net Profit Before Tax Ratio	0.10%

b. Interest Rate Changes

The Company's financial assets and financial liabilities at the end of 2023 cash flow risks at the end of 2023 were NT\$252,538 thousand and NT\$34,407 thousand respectively. If a change in market interest rate would make the effective interest rate of such financial products change accordingly, the market interest rate increased by 1%, the Company would increase the interest of the Company by approximately NT\$2,181 thousand per annum.

c. Exchange Rate Changes

The company has foreign currency-denominated import and export business funds, exchange rate changes will affect the cost and income of the integrated circuit, the net receivables of the risk of exchange rate change at the end of 2023 is JPY756 thousand and US\$3,572 thousand, if the exchange rate changes will make the fair value change, Taiwan dollar exchange rate appreciation 1%, will increase the company's gain of about NT\$1,097 thousand.

d. Credit Risk

The principal credit risk of the Company is due to the recall of receivables, so the net assets exposed to credit risk at end of 2023 were NT\$312,866 thousand.

B. Future Workarounds:

a. Responses to Interest Rate Changes

Most of the financial assets exposed to market interest rate changes are required for operational turnover, but in order to minimize exposure, our risk assessment team will account for idle funds from time to time and invest in credit rating bond funds, convertible bonds and other fixed income financial assets, offsetting interest rate Profit or loss derived from insurance.

b. Countermeasures for Exchange Rate Changes

The company has ample working capital, there is a large flexibility in financial

operation to cope with the risk of interest rate changes; for exchange rate changes, in addition to some of the dynamic natural avoidance, the company's risk assessment team will choose a better meeting point for spot selling or signing forward foreign exchange contracts with domestic banks with good reputation Avoid the risk of exchange rate changes.

c. **Measures to Respond to Credit Risk**

Our company only deals with approved and creditworthy third parties. The company policy requires credit confirmation procedures before credit transactions with customers, and continue to evaluate receivables and bills receivable recycling. Once the risk assessment team evaluates the possibility of default, the other party will be required to provide the sufficient guarantee is provided with the appropriate credit rating, so the book balance is properly taken into account and reflects the credit risk.

(IX) Implementation status of internal control system:

1. Statement on Internal Control

Please refer to Annex III (P.218).

2. The certification period requires the company to appoint an accountant project to review the internal control system, should disclose the accountant review report: N/A

(X) The most recent year and to date of publication of the Company and its internal personnel penalties, major defects and improvements for breaches of internal control system of its internal officers: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

1. Implementation of important resolutions of Shareholders' Meeting in 2023

IMPORTANT RESOLUTIONS		Review of implementation	
1.	Recognized the Company's 2022 financial statements and business report.	1.	The related operation was performed.
2.	Adoption of the Proposal for 2022 earnings distribution	2.	The related operation was performed.
3.	Elect eight Directors.	3.	The related operation was performed.
4.	Approval of remove non-competition clauses on new board members	4.	The related operation was performed.

2. Important Board of Directors Resolutions for the year 2023

Date	IMPORTANT RESOLUTIONS
2023/03/01	1. Approved the company's 2022 internal control system statement.

Date	IMPORTANT RESOLUTIONS
13th meeting of 12th term	<ol style="list-style-type: none"> 2. Pass the 2023 accountant’s verification of visa public expenses. 3. Acknowledge the 2022 financial statements and consolidated financial statements. 4. Acknowledge the company’s 2022 earnings distribution proposal. 5. Adopt the remuneration distribution of employees and directors in 2022. 6. Financing and borrowing from China Merchants Bank through the company’s subsidiary PTC Chengdu. 7. Approved the election of directors of the company. 8. Pass the lifting of non-competition restrictions on new directors and their representatives. 9. Approved the amendments to some provisions of the Company’s “Rules of Procedure for Board Meetings”. 10. Approved the company’s 2023 operating plan. 11. Approved the date, location and resolutions of the company’s 2023 regular shareholders’ meeting.
2023/05/04 14th meeting of 12th term	<ol style="list-style-type: none"> 1. Adopted the amendments to some provisions of the company's internal control system and internal audit implementation rules "Management to Prevent Insider Trading". 2. Adopted the new “Code of Corporate Governance Practice”. 3. Adopt the proposal to establish the position of corporate governance officer. 4. Approved the establishment of the post of Information Security Manager. 5. Pass the 2023 CPA independence assessment case. 6. Through the company's capital increase in the subsidiary Princeton Silicon Limited, it then reinvested in Aiko Microelectronics (Shenzhen) Co., Ltd. 7. Approval of increasing the capital loan of RMB 8 million to the company's subsidiary company PTC Chengdu through the company's subsidiary company PTC Shenzhen and extending the original loan period. 8. Approved the company’s 2023 annual business report. 9. Approved the nomination and review of director and independent director candidates.
2023/06/16 1st meeting of 13th term	<ol style="list-style-type: none"> 1. Approval of the proposal to elect the chairman of the board of directors. 2. Approved the appointment of members of the Company’s 6th Audit Committee. 3. Approved the appointment of members of the company’s 5th Compensation Committee.
2023/08/10 2nd meeting of 13th term	<ol style="list-style-type: none"> 1. Report the company’s consolidated financial statements for the second quarter of 2023. 2. Report on the company’s greenhouse gas implementation schedule for the second quarter of 2023
2023/11/09 3rd meeting of 13th term	<ol style="list-style-type: none"> 1. Approved the company’s 2024 audit plan. 2. Approved some operational amendments to the company's "Internal Control System Financing Cycle". 3. Adopt key performance indicators and measurement mechanisms for managers in 2023. 4. Pass the performance appraisal and year-end bonus payment in 2023. 5. Acknowledge the company's consolidated financial statements for the third quarter of 2023.
2024/02/29 4th meeting of 13th term	<ol style="list-style-type: none"> 1. Approved the company’s 2023 internal control system statement. 2. Pass the 2024 accountant’s verification of visa public expenses. 3. Acknowledge the 2023 financial statements and consolidated financial statements. 4. Acknowledge the company’s 2023 earnings distribution proposal. 5. Adopt the remuneration distribution of employees and directors in 2023. 6. Endorsement and guarantee by our company. 7. Apply for a financing loan line from Fubon Huayi Bank through our company's subsidiary PTC Chengdu. 8. Use our company’s subsidiary PTC Chengdu to borrow financing from China Merchants Bank to renew the contract. 9. Pass the renewal of the company’s bank quota for 2024. 10. Approved the company’s 2024 operating plan.

Date	IMPORTANT RESOLUTIONS
	11. Approved the date, location and resolutions of the company's 2024 regular shareholders' meeting.
2024/05/08 5th meeting of 13th term	1. Acknowledge the company's consolidated financial statements for the first quarter of 2024. 2. Pass the 2024 CPA independence assessment. 3. Approved the company's 2024 business report. 4. Approved the personnel plan for the appointment of the President of the company.

(XII) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIII) A Summary of Resignations and Dismissals of the Company's Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: No applicable.

IV. Information on CPA Professional Fees

(I) Information on CPA Professional Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Kwok Fu Horwah & Joint CPAs	Meng-Ta Wu	2023.1.1~2023.12.31	3,060	1,289	4,349	
	Chin-Shu Pan	2023.1.1~2023.12.31				

Unit: NT\$ thousands

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$2,000 thousand			1,289	1,289
2	NT\$2,000,001 - NT\$4,000,000		3,060		3,060
3	NT\$4,000,001 - NT\$6,000,000				
4	NT\$6,000,001 - NT\$8,000,000				
5	NT\$8,000,001 - NT\$10,000,000				
6	Over NT\$10,000,000				

Note: In the non-audit public fees, an amount of \$1,289 thousand is attributable to expense to tax declaration, transfer pricing report, project review, Hong Kong declaration, etc.

(II) When non-audit fees paid to the CPA, the CPA's accounting firm, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: N/A

(III) **When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed:**

N/A

(IV) **Audit fees reduced by more than 15 per cent from the previous year should disclose the amount, proportion and reasons for the reduction in public fees:** N/A

V. Information on Replacement of CPAs

If the Company has changed Accountants in the last two years and after the period, the following shall be disclosed:

(I) About the former accountant:

Change Date	2022.11.09		
Reason and Description	Internal work adjustment		
Termination or refusal of appointment by the appointor or accountant	Counterparties		Accountant
	Situations		Appointed Person
	Proactive Termination		N/A
	Ceased to accept (continue) appointments		N/A
Comments and reasons for checking reports other than non-reserved comments within the latest two years	N/A		
Differences of opinion with the issuer	Having		Accounting Principles or Practice
			Disclosure of Financial Reports
			Check scope or step
			Others
	None	V	
	Explanation		
Other Disclosures (Article 10, paragraph 6, subjects 4 to 7, shall be disclosed)	N/A		

(II) About Succession Accountants:

Accounting Firm	Crowe (TW) CPAs
Name of CPA	Meng-Ta Wu, Chin-Shu Pan
Date of Appointment	2022.11.09
Consultation on accounting practices or accounting treatment for specific transactions and potential issuance of financial reporting prior to appointment and results	None
The written opinion of succession accountant regarding of different opinions from former accountants	None

(III) **Reply letter from former accountant to item 3 of paragraph 5 of Article 10, paragraph 1**

and 2: N/A

VI. Company Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent:

Title	Name	2022		For the year ended April, 18	
		Increase (decrease) number of shares	Increase (decrease) number of pledged shares	Increase (decrease) number of shares	Increase (decrease) number of pledged shares
Chairman/ President (Note 1)	Chang-An Chiang	0	0	0	0
Director	Taihsin Co., Ltd. Representative: Wei-Ru Zhang	0	0	0	0
	Taihsin Co., Ltd. Representative: Lin Zhong	0	0	0	0
Director	National Yang Ming Chiao Tung University Representative: Wei-Kuo Chen	0	0	0	0
		0	0	0	0
Independent Director	Yu-Feng Ma	0	0	0	0
Independent Director	Hsueh-Min Wu	0	0	0	0
Independent Director	Yi-Chen Tsai	0	0	0	0
Independent Director	Zhi-Ling Chen	0	0	0	0
Vice President	Chih-Chan Lin	(5,000)	0	0	0
Vice President	Wen-Ching Liao	0	0	0	0
Assistant	Fang-Tien Kuo	0	0	0	0
Assistant	Ching-Hsing Huang	421	0	0	0
Assistant	Chien-Yu Yang	0	0	0	0
Assistant	Yi-Nan Chen	0	0	0	0
Assistant	Li-Ying Chang	0	0	0	0
Head of Finance	Yu-Chen Hu	0	0	0	0
Chief Accounting Officer	Wen-Yu Lin	0	0	0	0

The relative person of the transfer or pledge of equity shall disclose the name of the relative, the relationship with the Company, Director, Supervisor, Shareholder of more than 10 percent Shareholder and number of shares acquired or pledged: None of the cases.

VIII. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another

Information on the relationship between the top 10 Shareholders

April 20, 2024

NAME	I SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEE ARRANGEMENT		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S TOP TEN SHAREHOLDERS, OR SPOUSES OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP		REMARK
	Shares	%	Shares	%	Shares	%	Company Name	Relation	
Chang-An Chiang	11,557,256	6.39%	0	-	0	-	Taisin	Representative	
Taisin Co., Ltd. Representative: Chang-An Chiang	6,456,000	3.62%	0	-	0	-	Chang- An Chiang	Representative	
	11,557,256	6.39%	0	-	0	-			
Xin Xin Co., Ltd. Representative: Sheng-Chieh Chen	3,495,197	1.93%	0	-	0	-	None	-	
	0	-	0	-	0	-			
Ying-Chuan Chiu	1,223,086	0.68%	0	-	0	-	None	-	
Chin-Chien Chou	852,000	0.47%	0	-	0	-	None	-	
Jui-Hung Chao	796,000	0.44%	0	-	0	-	None	-	
Wen-Wu Cheng	503,000	0.28%	0	-	0	-	None	-	
Chao-Sheng Lin	450,000	0.25%	0	-	0	-	None	-	
Chih Huang	414,364	0.23%	0	-	0	-	None	-	
Citi Hosting Berkeley Capital SBL/PB Investment Client	396,000	0.22%	0	-	0	-	None	-	

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

March 31, 2024; Unit: Share; %

Investee business (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
Princeton Silicon Corporation. .	33,500,000	100.00%	0	0%	33,500,000	100.00%
Cherng Yih Co., Ltd.	15,000,000	100.00%	0	0%	15,000,000	100.00%
Microlink Communications Inc.	8,000,000	25.00%	0	0%	8,000,000	25.00%
Morelink Technology Corporation	1,580,000	7.87%	815,000	4.06%	2,395,000	11.93%
Foresight Technologies Co., Ltd.	4,573,650	8.80%	998,136	1.92%	5,571,786	10.72%
Chengdu Chiprail Microelectronics Co.,Ltd.	6,375,000	51.00%	0	0%	6,375,000	51.00%

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Share Capital

April 20, 2024

Unit: NT\$ thousands; 1,000 shares; %

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
1986.05	10	1,000	10,000	1,000	10,000	Founding	None	None
1987.12	10	10,000	100,000	6,000	60,000	Cash Capital Increase	None	None
1988.01	10	10,000	100,000	10,000	100,000	Cash Capital Increase	None	None
1989.12	10	20,000	200,000	12,500	125,000	Cash Capital Increase	None	None
1990.04	10	20,000	200,000	20,000	200,000	Cash Capital Increase	None	None
1998.11	10	60,000	600,000	35,000	350,000	Cash Capital Increase	None	None
1999.07	10	60,000	600,000	45,000	450,000	Cash Capital Increase	None	None
2000.07	10	100,000	1,000,000	62,325	623,250	Dividend and surplus capital transfer	None	None
2001.10	10	100,000	1,000,000	76,659	766,597	Dividend and surplus capital transfer	None	None
2002.09	10	150,000	1,500,000	90,823	908,231	Dividend, Capital Accumulation and Surplus Capital Increase	None	None
2002.12	10	150,000	1,500,000	90,874	908,742	Convertible Corporate Bond (Pruson One) Conversion	None	None
2003.08	10	150,000	1,500,000	112,374	1,123,737	Dividend, Capital Accumulation and Surplus Capital Increase	None	None
2003.10	10	150,000	1,500,000	112,422	1,124,225	Convertible Corporate Bond (Pruson One) Conversion	None	None
2004.08	10	230,000	2,300,000	138,946	1,389,460	Dividend and surplus capital transfer	None	None
2005.06	10	230,000	2,300,000	139,109	1,391,086	Employee Stock Option Certificate Execution	None	None
2005.10	10	230,000	2,300,000	154,941	1,549,410	Dividend and surplus capital transfer	None	None
2005.12	10	230,000	2,300,000	150,941	1,509,410	Deregistration of Treasury Shares	None	None
2006.05	10	230,000	2,300,000	151,002	1,510,025	Employee Stock Option Certificate Execution	None	None
2006.08	10	230,000	2,300,000	160,339	1,603,385	Dividend and surplus capital transfer	None	None
2007.02	10	230,000	2,300,000	160,930	1,609,390	Employee Stock Option Certificate Execution	None	None
2007.05	10	230,000	2,300,000	161,071	1,610,710	Employee Stock Option Certificate Execution	None	None

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
2007.08	10	230,000	2,300,000	163,035	1,630,348	Employee Stock Option Certificate Execution	None	None
2007.08	10	230,000	2,300,000	170,902	1,709,016	Dividend and surplus capital transfer	None	None
2007.11	10	230,000	2,300,000	172,327	1,723,273	Employee Stock Option Certificate Execution	None	None
2008.03	10	230,000	2,300,000	172,948	1,729,483	Employee Stock Option Certificate Execution	None	None
2008.05	10	230,000	2,300,000	173,479	1,734,788	Employee Stock Option Certificate Execution	None	None
2008.07	10	230,000	2,300,000	173,675	1,736,748	Employee Stock Option Certificate Execution	None	None
2008.08	10	230,000	2,300,000	178,962	1,789,622	Dividend and surplus capital transfer	None	None
2010.03	10	230,000	2,300,000	179,729	1,797,292	Employee Stock Option Certificate Execution	None	None
2010.05	10	230,000	2,300,000	180,168	1,801,677	Employee Stock Option Certificate Execution	None	None
2010.09	10	230,000	2,300,000	180,306	1,803,059	Employee Stock Option Certificate Execution	None	None
2010.11	10	230,000	2,300,000	180,710	1,807,097	Employee Stock Option Certificate Execution	None	None
2011.03	10	230,000	2,300,000	180,750	1,807,497	Employee Stock Option Certificate Execution	None	None
2011.05	10	230,000	2,300,000	180,857	1,808,567	Employee Stock Option Certificate Execution	None	None
2011.11	10	230,000	2,300,000	180,902	1,809,017	Employee Stock Option Certificate Execution	None	None
2011.12	10	230,000	2,300,000	180,921	1,809,207	Employee Stock Option Certificate Execution	None	None
2015.01	10	230,000	2,300,000	180,944	1,809,437	Employee Stock Option Certificate Execution	None	None

April 20, 2024
Unit: Share

Share Type	Authorized Capital			Remark
	Issued Shares (Note)	Un-issued Shares	Total	
Registered Common Shares	180,943,675	49,056,325	230,000,000	

Note : Stock of the Company is listed as OTPEs.

(II) Information about the blanket reporting system: None.

(III) Shareholder Structure

April 20, 2024

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	262	64,577	64	64,904
Shareholding (Shares)	0	54,000	10,852,958	168,599,747	1,436,970	180,943,675
Shareholding	0.00%	0.03%	6.00%	93.18%	0.79%	100.00%

(IV) Shareholding Distribution Status

NT\$10 per share April 20, 2024

Range of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding
1 to 999	34,564	861,135	0.48 %
1,000 to 5,000	24,059	50,419,531	27.86 %
5,001 to 10,000	3,629	29,065,172	16.06 %
10,001 to 15,000	932	11,980,159	6.62 %
15,001 to 20,000	674	12,613,707	6.97 %
20,001 to 30,000	450	11,501,458	6.36 %
30,001 to 40,000	196	7,001,599	3.87 %
40,001 to 50,000	132	6,196,652	3.42 %
50,001 to 100,000	183	13,067,335	7.22 %
100,001 to 200,000	59	7,815,270	4.32 %
200,001 to 400,000	17	4,584,754	2.53 %
400,001 to 600,000	3	1,367,364	0.76 %
600,001 to 800,000	1	796,000	0.44 %
800,001 to 1,000,000	1	852,000	0.47 %
1,000,001 or over	4	22,821,539	12.62 %
Total	64,904	180,943,675	100.00 %

Note : The Company does not issue special shares.

(V) List of major Shareholders (Shareholders with more than 5% shareholdings or the name of the top 10 Shareholders, shareholding amount and proportion)

April 20, 2024

List of Major Shareholders	Shareholding (Shares)	%
Chang-An Chiang	11,557,256	6.39%
Taisin Co., Ltd.	6,456,000	3.62%
Xin-Xin Co., Ltd.	3,495,197	1.93%
Ying-Chuan Chiu	1,223,086	0.68%
Chin-Chien Chou	852,000	0.47%
Jui-Hung Chao	796,000	0.44%
Wen-Wu Cheng	503,000	0.28%
Chao-Sheng Lin	450,000	0.25%
Chih Huang	414,364	0.23%
Citi Hosting Berkeley Capital SBL/PB Investment Client	396,000	0.22%

(VI) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Unit: NTD; Thousand Shares

Item		Year	2022	2023	For the year ended March 31, 2024
Market Price per Share	Highest		43.65	38.05	30.80
	Lowest		26.55	27.80	26.15
	Average		33.19	31.86	28.68
Net Worth per Share	Before Distribution		11.39	11.32	-
	After Distribution		10.74	Note1	-
Earnings per Share	Weighted average number of shares		180,944	180,944	-
	Earnings per Share		0.93	0.33	-
Dividends per Share	Cash Dividends		0.65	Note1	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	
	Accumulated Undistributed Dividends		-	-	-
Return on investment analyzing	Price/Earnings Ratio		35.69	96.55	
	Price/Dividend Ratio		51.06	Note1	
	Cash Dividend Yield Rate		1.96	Note1	

Note1: The 2023 earnings distribution proposal has been approved by the board of directors on February 29, 2024, but it has yet to be passed by the shareholders' meeting on June 18, 2024.

(VII) Dividend Policy and Implementation Status

1. Corporate Dividend Policy

The company's annual calculation if there is a surplus, tax payment according to law, make up for the accumulated losses, and then raise 10% as a statutory surplus, but the statutory surplus has reached the company's paid-up capital amount, the rest will be listed or revolved in accordance with the law of special surplus; if there is a balance, and accumulate undivided With the surplus, the Board proposed a bill of earnings distribution, proposed by the Shareholders' Meeting to decide to distribute dividends to Shareholders. The Company's dividend policy is to tie in with current and future development plans, considering the investment environment, capital requirements, domestic and foreign competition, and considering the interests of Shareholders, and allocating the dividend dividends to Shareholders by providing no less than 50% of the distributable earnings each year. where the cash dividend is not less than 50% of the total dividend.

2. Distribution of Dividends Proposed in the Shareholders' Meeting

This proposed to issue a cash dividend of NT\$45,235,919, and NT\$0.25 per share.

3. Expected Material Change in the Dividend Policy:

N/A

(VIII) Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting: None.

As the Shareholders' Meeting proposes no unpaid allotment, it is not applicable.

(IX) Employee compensation and Director Compensation

1. The percentages or ranges with respect to employee, Director, and supervisor compensation, as set forth in the company's Articles of Incorporation.

If the Company has a profit in the year, 5% ~ 20% of employee compensation shall be allocated by the resolution of the Board of Directors to share or cash distribution, which includes employees of affiliated companies that meet certain conditions; the company has the above profit amount, and 1.5% is allocated to the Director's compensation by the resolution of the Board of Directors. The distribution of employee and Director's compensation should be reported to the Shareholders' Meeting. However, if the company still has accumulated losses, the amount of compensation should be retained in advance, and the compensation of employees and Directors' compensation is proportional to the preceding.

2. The basis for estimating employee compensation and Director compensation amounts for the current period, the basis of the number of shares of employee compensation distributed by shares, and the actual distribution amount if there is a difference from the estimated number of rows:

If the actual distribution amount differs from the number of rows, it will be accounted as an accounting estimate change.

3. Distribution of Compensation of Employees, Directors, and Supervisors Approved in the Board of Directors Meeting

(1) The amount of any employee compensation distributed in cash or stock and compensation for Directors and supervisors. If there is a difference between the annual estimated amount of the recognized expense, the number of differences, reasons, and handling: No difference.

(2) The amount of any employee compensation distributed in stock, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employee compensation: N/A

4. Information on Distribution of Compensation of Employees, Directors, and Supervisors (With an Indication of the Number of Distributed Shares, Monetary Amount, and Stock Price) And, If There Is Any Discrepancy Between the Actual Distribution and the Recognized Employee, Director, or Supervisor Compensation, Additionally the Discrepancy, Cause, and How It Is Treated:

(1) Actual Allotment in the previous year:

- A. Employee bonus: NT\$21,066,633 was distributed in cash.
- B. Director's compensation (including Independent Directors): NT\$2,106,663 was distributed in cash.

(2) Proposed Allocations and Differences Passed by the Original Board

The actual allocation of employee dividends and Director's compensation in the last year's surplus is as follows:

	Actual Allotment	Proposed Allotments Passed by Original Board of Directors and Shareholders' Meeting	Number of differences	Reason for Difference
1. Employee Bonus	NT\$21,066,633	NT\$21,066,633	0	N/A
2. Director Compensation	NT\$2,106,663	NT\$2,106,663	0	N/A

(X) Share Repurchases:

No application for repurchase of shares of the Company for the most recent year and up to the date of publication of the Annual Report.

II. Corporate Bonds

The Company has no outstanding or processed corporate debt.

III. Preferred Shares

The Company does not have any special shares in circulation or under processing.

IV. Global Depository Shares

The Company does not have any overseas depository certificates that have not been fully redeemed or processed.

V. Employee Stock Options:

(I) Handling employee stock certificates: The company's employee warrants have expired, so it is not applicable.

(II) Names, Acquisition, and Subscription Status of Managerial Officers Who Have Obtained Employee Stock Options And Top Ten Employees With Most Subscribable Shares Under

the Employee Stock Options: The company's employee warrants have expired, so it is not applicable.

(III) Limit employee rights IPO processing situation: The company does not have such a matter, so it does not apply.

(IV) The manager who obtains restricted employee rights and the name of the top ten employees obtained: The company does not apply to this case.

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

(I) The latest year and to the date of publication of the Annual Report has completed mergers and acquisitions or has been sent to issue new shares of his company:

None

(II) The latest year and to the date of publication of the Annual Report has been resolved by the Board of Directors to issue new shares through mergers and acquisitions or shares of his company shall disclose the implementation and basic information of the acquired or transferable company:

N/A

VII. Implementation of the Company's Capital Allocation Plans

(I) Program Content

Up to the quarter before the publication date of the Annual Report, each previous issue or private placement of securities not completed or completed within the last three years and the programme benefits have not been revealed:

None

(II) Execution scenarios

For the purposes of each plan in the preceding paragraph, one by one analysis and comparison with the original expected benefits as of the quarter before the publication date of the Annual Report. If the progress or benefits do not meet the expected target, the reasons, impact on Shareholders' equity and improvement plan: Not applicable.

Chapter 5. Operational Highlights

I. Business Activities

(I) Business Scope

1. Main content of the business

- (1) Manufacturing and trading of electronic instruments and components (except for controlled products and medical devices).
- (2) Computer software system design and planning business.
- (3) Manufacturing and trading of computer and peripheral equipment and its components.
- (4) Design, manufacture, and installation of industrial automation control systems.
- (5) IC (integrated circuit) design and manufacturing business.
- (6) Consulting business on the latest technology information.
- (7) The previous related import and export trade business.
- (8) Operation and investment business of the previous related business.

2. Proportion of Business

The company's main business is the design, manufacture, and sales of LCD driver ICs, motor driver ICs, LED lighting ICs, and other ICs.

Unit: NT\$ thousands; %

Main Product Items	Turnover in 2023	Proportion of Business
Integrated Circuits (ICs) Products	1,648,431	99.32%
Others(Note)	11,204	0.68%
Total	1,659,635	100.00%

Note: Including digital image processors, customer-commissioned design ICs, power management series ICs, motor drive series ICs, remote control ICs, and microprocessor control ICs.

3. Current Item

Item	Main Product Content	Usage and Functions
Display Driver IC Series	<ol style="list-style-type: none"> 1. Thin-Film Transistor LCD Display Driver IC (TFT LCD Driver IC) 2. Organic light-emitting diode driver IC 3. Fluorescent Display Driver IC (VFD Driver IC) 4. LCD Driver IC (LCD Driver IC) 5. Light emitting diode driver integrated circuit(LED Driver IC) 	Automotive dashboard, head-up display (HUD), automotive electronic mirror, all kinds of consumer electronics products display, and various industrial instrument displays.
Motor drive integrated circuit series	<ol style="list-style-type: none"> 1. DC Motor Driver IC 2. Stepping Motor Driver IC 3. Servo Motor Driver IC 4. 3 Phase Brushless DC Motor Driver/Controller (3 Phase BLDC Motor Driver/Controller) 5. Gate Driver IC 	Power tool machine, POS machine, Refrigerator, Network camera, Security camera, Servo motor, Electric fan, Car air conditioning actuator, Home/door lock control, 3D printer
Lighting and Backlight Integrated Circuits	LED Driver ICs	Automotive LED headlights/taillights/brake lights, instrument panel backlight,

Item	Main Product Content	Usage and Functions
		interior lighting
Others	<ol style="list-style-type: none"> 1. Customer commissioned design integrated circuit (ASIC IC) 2. Printer Head Driver IC Series 3. Multimedia Audio Control IC Series 4. RF Integrated Circuits (RF ICs) 5. Power Management ICs 	<ol style="list-style-type: none"> 1. Customer commissioned design 2. Inkjet/Optical Printer Heads 3. Car audio, home appliances, audio-visual products 4. Remote control device for wireless headset\ speaker\ microphone, AV transeiver, home appliance products infrared transmitter, and reception 5. Power Supplies, AC/DC Converters

4. New Products and Services to Be Developed

- Continue development of products for automotive applications, including HUD driver ICs, LED lighting driver ICs, Motor driver ICs, etc.
- Develop MCU that can be used with automotive LED/Motor driver ICs
- Expand product line of high Voltage Stepper and Micro Stepper Motor Driver IC
- Continue to cooperate with customers to develop Printer Head driver IC series

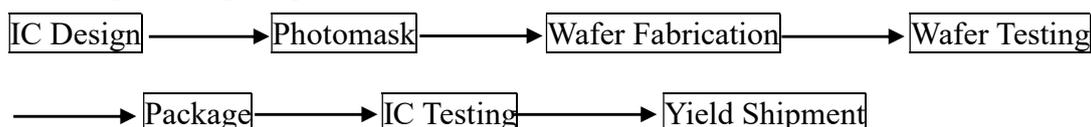
(II) Industry Overview

The company's main products are based on car/consumer electronics ICs. The following is based on the industry for a rough analysis:

1. Current Status and Development

According to ITIS data, the IC industry can be subdivided into the design, manufacturing, packaging, and testing industry. Taiwan's IC industry vertical division architecture has become completer and more professional after many years of operation; relatively also provides the opportunity for the IC design industry to flourish, and in recent years, China's IC design industry has had a proud growth in both the number of manufacturers and turnover. Under the cooperation, grasp the business opportunities and continue to maintain prosperity.

2. Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



In terms of upstream and downstream relationship, the IC design industry is the most upstream in the IC industry, wafer manufacturing is the midstream, the packaging and testing industry is the most downstream, and IP, CAD/CAE, wafer raw materials, lead frame, etc., belong to related industries.

The professional degree in IC design is the highest in the world in Taiwan. With the advantages of wafer foundry and packaging with perfect vertical division in Taiwan, the products are quite competitive in function and price, which also causes the Taiwan IC design industry to have a relatively competitive advantage in international countries.

3. Various development trends and competition of the product

In the early years, the company used consumer IC as the main axis of research and development, the current research and development spindle has been transformed into in-vehicle and livelihood ICs. Especially to improve the comfort and performance of human life, resulting in rapid advances in AI and automated machines. Therefore, the R&D direction focuses on the transmission of visual information/driving of electronic and mechanical drive/LED lighting, following the successful development of automotive display driver IC over the years, and other product lines to the field of automotive electronics. With the focus of the company's research and development: display driver IC series, motor driver IC series, automobile/commercial LED lighting IC series, ASIC, etc., the related product development trends are explained respectively.

(1) Display Driver IC Series

The display driver IC (VFD/LED) of home audio-visual equipment has opened the road to display driver IC, expanding the display driver IC (VFD/LCD/OLED) for in-vehicle audio and instrumentation due to the recognition of the market and customers. In recent years, in addition to meeting the original market demand, it has focused on automotive HUD display panel driver ICs (TFT) R&D and has achieved significant results and the trust of customers to continue to develop the next generation of HUD display panel driver ICs with ASIL. For VFD/LCD series products that were originally applied to low-level market demand, cost control strategies are adopted to optimize integration to meet market demand.

(2) Motor Driver IC Series

In response to the mechanical devices that are indispensable in modern life, the company will also extend R&D to motor drive ICs. The development of DC motor driver IC for electronic lock and stepper motor driver IC for security purposes continues to develop server motor driver IC and three-phase brushless motor driver IC for high performance. To expand the industrial field to power tools/POS/Refrigerator/Car Air Conditioner/Fan/Server/3D Printer... Due to human needs for convenience in life, motor drive ICs should continue to rise in the future, and our R&D capabilities should be sustainably coping.

(3) Automotive and commercial LED lighting IC series

In response to energy-saving needs, we have also developed commercial LED lighting ICs. However, in the new generation of cars, automotive lighting (such as headlights, daylights, taillights, directional lights, etc.) also incorporates LEDs to meet the demands of intelligent diversity and high performance. As a result, a series of automotive LED lighting ICs have been

developed in recent years by combining the experience of in-vehicle products with LED driver IC design capabilities. In the future, we will continue to work with customers to develop new products, such as smart headlights for the next generation, ambient lighting in the car, etc.

(4) ASIC IC Series

The so-called ASIC (Application Specific Integrated Circuit) refers to the individual needs of customers to provide circuit design in order to realize product creativity, not only emphasize power and performance, and pay more attention to the individual. Based on the company's many years of experience and ability to drive integrated circuits, this product series is focused on R&D resources in the industrial Printer Header Driver. The product has entered the mass production stage. At present, in addition to continuing to develop new projects with original customers, we also expand the development of new customers. Customer needs to continue to evolve!

(III) Technology and R&D Overview

1. Research and development expenses for the latest year and up to the date of publication of the annual report

Unit: NT\$ thousands; %

Item \ Year	2023	As of March 31, 2024
R&D Expense	343,942	89,097
Net Operating Revenue	1,659,635	295,051
ratio	20.72%	30.20%

2. Technology or Product Successfully Developed

- BLDC non-inductive sine wave driver IC
- High voltage stepper and micro stepper motor driver IC
- MCU Based Motor Drive Total Solution
- Car LED lighting driver IC (outside/inside car)
- Printer Head driver IC (Inkjet for industrial use)
- TFT driver IC (HUD) with ASIL

(IV) Long- and Short-Term Business Development Plans

1. Short-term Program Overview

(1) Marketing Strategy

- A. Develop marketing strategies for different market characteristics, for China (including Hong Kong) and US markets, and continue to cultivate the market based on the existing basis; Japan market is the focus on expanding the region, and actively looking for agents to establish marketing channels.
- B. Develop sales strategies for different product nature and market characteristics, adjust the

sales department manpower structure, and adjust the agent products according to agent characteristics and expertise so as to make full use of human resources to achieve a deep market purpose.

(2) Production strategy

- A. At present, the company's testing and processing are outsourced production and strengthen long-term good cooperative relations with packaging factories, test factories, and other outsourcing manufacturers in order to obtain sufficient capacity and supply customer demand.
- B. In addition to continuing to establish a more stable division of labor relationship with some OEM factories, and seek other suitable new factories to diversify the source of incoming goods, reduce production risk, and increase the space of negotiation.

(3) Product Development Direction

- A. Continue to strengthen the competitiveness in the field of automotive electronics and maintain the certain quality of automotive products.
- B. Collect analytic agents or customer feedback messages to actively develop the demand products in the customer's market.

(4) Operational scale and financial fit

- A. To expand the performance, through the stock listing, through the openness of finance and business, to attract the public to participate in the investment, improve the company's visibility, and make the use of funds to achieve maximum efficiency.
- B. In line with the capital needs of business expansion, without compromising profitability, timely financing or borrowing from banks to support and use funds flexibly to create appropriate financial profits.

2. Long Term Business Development

(1) Marketing Strategy

- A. Continue to strengthen the training of marketing professionals, expand to internationally renowned manufacturers and agents as the main customers through the establishment of subsidiaries, establish a global network and sales base, and become a global brand.
- B. Expand sales locations outside Asia, gradually establish a global marketing network, and strive for internationally renowned manufacturers to become partners in new product development.

(2) Production Policy

To maintain a good cooperative relationship with the existing foundry, in order to avoid the involvement of the foundry, seek new foundry cooperation, in addition to the possibility of investment, and continue to use advanced processes to reduce costs and establish competitive advantage.

(3) Product Development Direction

- A. At the technology level of display driver IC products, the current product development direction focuses on the expanding automotive electronics market. In response to the development of intelligent electric vehicles, we will continue to pay attention to the display driver IC of various information transmissions in the car.
- B. With the trend of environmental protection and energy saving, in addition to the huge business opportunities of LED lighting and backlight IC, LED driver IC for automotive interior and exterior lighting is the focus of the company's research and development and will continue to focus on the development of this industry.
- C. In response to the needs of human life optimization, the company successfully developed DC motors/stepping motors/DC brushless motors many years ago... various types of driver ICs, in addition to continuous research and development in response to new market requirements, but also enhance the quality to the strict automotive market to maintain competitiveness.
- D. Improve the accumulation of integrated circuit components and realize SoC to continuously enhance product competitiveness, maintain innovation vitality, maintain high growth, and emphasize innovation and expertise to maintain product line leadership.

(4) Operational scale and financial fit

We are adhering to the concept of sustainable operation through the long-term planning of human resources expansion and product diversification so that the operation scale continues to expand to become a well-known IC design company at home and abroad.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market Analysis

1. Sales area of the main products

Unit: NT\$ thousands; %

Year		2023		2022		2021	
		Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Domestic	Taiwan	84,508	5.09%	118,544	6.08%	108,080	6.60%
Overseas	Asia Region	1,558,096	93.88%	1,792,229	91.96%	1,485,876	90.73%
	Other Area	17,031	1.03%	38,082	1.96%	43,746	2.67%
	Subtotal	1,575,127	94.91%	1,830,311	93.92%	1,529,622	93.40%
Net Operating Amount		1,659,635	100.00%	1,948,855	100.00%	1,637,702	100.00%

2. Market share

According to ITRI's obstetrics international statistics, Taiwan's IC design output value was NT\$1,096 trillion in 2023, and the company's revenue was NT\$16,60 billion in 2023, accounting for about 0.15% of Taiwan's IC design industry output value.

3. Future Market Supply, Demand, and Growth Potential

The annual output value of Taiwan's IC design industry was about NT\$1,096 trillion in 2023, declined 11% from NT\$1,232 trillion in 2022. It is estimated that the annual output value of 2024 will be NT\$1,257 trillion, an increase of 14.6% from 2023.

4. Competitive Niches

The main competitive niche of IC design companies is the accumulation of their long design experience. The company is currently transforming to the direction of visual information for drive/LED lighting, such as electronic machinery. In particular, display driver ICs, motor driver ICs, and LED lighting driver ICs have invested considerable manpower and material effort in R&D for a long time, thus accumulating considerable technology and experience, which is the core technology that our company relies on at present. In addition, the insistence on quality, the establishment of the channel, and the establishment of the brand are the best ways for the company to maintain competitiveness. Our brand is well known in China, and Princeton has a certain reputation in the automotive products industry in Japan.

5. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

(1) Favorable factors

A. China's IC industry has a good structure and complete

The industrial structure of the professional division of labor is the biggest difference between China's IC industry and foreign countries. Most international manufacturers are designed, manufactured, packaged, tested, and even system products vertically integrated with upstream and downstream vertical integration, while domestic resources are concentrated in a single industry sector and the vertical division of upper and downstream operations. However, in the rapidly changing industrial environment and the expanding capital equipment investment, China's unique professional division of labor model does meet the needs of industry trends.

B. Less affected by the climate cycle

As IC design companies operate based on wafer outsourcing OEM production, rely on brainpower development, less investment in fixed equipment, and product design changes with different market needs, it is more flexible in operation and can quickly adapt to external changes, so it is affected by the boom cycle. Small.

C. Consumer Electronics Market Continues to Grow

Consumer electronics has a wide range of applications with unlimited potential opportunities. As new consumer products continue to evolve, domestic companies can accurately capture (or create) market demand; there will still be considerable room for growth in the future.

D. Mastery of customer identity and OEM capacity

The company is committed to developing new product technology for application or commissioned by customers to design their IC because its IC is used in customer products, so from product development direction, market forecast, engineering and after-sales service, the IC design company must cooperate with downstream customers for a long time to obtain it. Recognize and create good cooperative relationships.

On the other hand, the company is a professional IC designer, which is the business type of Fabless Design House. The most important part of its operation is the acquisition of production capacity, and the company maintains a good and stable cooperation relationship with the semiconductor wafer foundry, the midstream and downstream system professional packaging, and testers. Therefore, customer recognition and abundant capacity are competitive advantages for the company's operation.

E. Excellent quality R & D team

As of March 31, 2024, the company's R & D personnel, 86 people have college degrees or above and rich working experience; since the establishment of the company for 37 years, stable personnel, company has accumulated a solid technical foundation.

(2) Unfavorable factors and countermeasures

A. Fierce competition in the industry

In general, consumer electronic IC design has relatively low technical barriers and low funding threshold, so competitors are not high. In view of the leading power of IC design to the semiconductor industry, stakeholders invest in IC design companies based on the trend of strategic alliances or upstream and downstream integration. IC manufacturers experienced the impact of IC prices in 1996; consumer IC profit space is relatively attractive, some IC manufacturers or by reinvestment or independent design department cross the design and manufacturing of consumer IC, the capital and own capacity to penetrate the market, thereby increasing market competitiveness.

Countermeasures:

(A) Expand product line breadth, enrich technology types, and add high-end products to provide customers with more applications and create market demand.

(B) To master customers with excellent technology, stable quality, punctual delivery, and perfect after-sales service.

(C) Accelerate the generational turn of products, improve processes to reduce average costs, and provide customers with more competitive prices.

(D) Actively extend the development of industrial/vehicle driver ICs to enhance performance and profitability stability.

B. Fast product change in the market and short product life cycle

Rapid advances in semiconductor technology, increased demand for product features,

and the development of new products in the industry have accelerated the pace of replacing old and new ones.

Countermeasures:

- (A) Accelerate the development of niche products to cope with rapid market movements and enhance the introduction of advanced development systems and modular design to shorten product development time and gain market opportunities.
- (B) Constantly invest a lot of R&D workforce and funds, develop new patented technologies, and make full use of the accumulated results and experience to maintain the leading position in R&D, expand the technical gap with competitors, and eliminate the trend of price competition.
- (C) Due to the stability of cyclical and transformative in both industrial/vehicle areas, expanding the development of these two areas is our key response.

C. The cost of professional manpower is rising

As the resources of IC design services come from a strong R&D team, R&D talent becomes the key factor for the successful operation of the company. In recent years, due to the booming development of the IC industry, professional manpower demand has been increasing, but the professional R & D personnel development period is longer, and in order to condense the focus of professionals to the company, the company will pay higher labor costs.

Countermeasures:

- (A) Increase the proportion of high-value-added products and enhance personnel output value.
- (B) Formulate annual education and training plans for employees to provide adequate education and training for employees so that employees have the opportunity to self-realization and enhance their company-oriented efforts.
- (C) Good working environment, full authorization, giving employees maximum play space.

D. High dependence on upstream wafer foundry and outsourcing plant

Due to the professional IC design company, there is no own fab. Its product manufacturing process is to commission the self-developed product design by foundry, after testing and then outsourcing to the packaging factory for packaging, and then after testing, the assembly is then sold after the completion of the test. Therefore, the development space of IC designers is closely related to the supply of OEM production capacity. With the supply of OEM production capacity, IC designers can fully develop new products, so stable wafer foundry capacity is the key to the continuous development of the business of IC design companies.

Countermeasures:

According to product process requirements and cost considerations, we are commissioned by a number of domestic and foreign manufacturers to disperse the foundry source to stabilize the company's wafer foundry capacity acquisition.

(II) Functions and Manufacturing Processes for Main Products

1. Important Functions of Main Products

Item	Main Product Content	Usage and Functions
Display Driver IC Series	<ol style="list-style-type: none"> Thin-Film Transistor LCD Display Driver IC (TFT LCD Driver IC) Organic light-emitting diode driver IC Fluorescent Display Driver IC (VFD Driver IC) LCD Driver IC (LCD Driver IC) LED Driver IC 	Automotive dashboard, head-up display (HUD), automotive electronic mirror, all kinds of consumer electronics products display, and various industrial instrument displays.
Motor drive integrated circuit series	<ol style="list-style-type: none"> DC Motor Driver IC Stepping Motor Driver IC Servo Motor Driver IC 3 Phase Brushless DC Motor Driver/Controller (3 Phase BLDC Motor Driver/Controller) Gate Driver IC 	Power tool machine, POS machine, Refrigerator, Network camera, Security camera, Servo motor, Electric fan, Car air conditioning actuator, Home/door lock control, 3D printer
Lighting and Backlight Integrated Circuits	LED Driver ICs	Automotive LED headlights/taillights/brake lights, instrument panel backlight, interior lighting
Others	<ol style="list-style-type: none"> Customer commissioned design integrated circuit (ASIC IC) Printer Head Driver IC Series Multimedia Audio Control IC Series RF Integrated Circuits (RF ICs) Power Management ICs 	<ol style="list-style-type: none"> Customer-commissioned design Inkjet/Optical Printer Heads Car audio, home appliances, audio-visual products Remote control device for wireless headset\ speaker\ microphone, AV transceiver, home appliance products infrared transmitter, and reception Power Supplies, AC/DC Converters

2. Production Process



(III) Supply of Major Raw Materials

Major Raw Material	Supplier	Supply Situation
Wafer	PSMC	steady
Wafer	Wavetek Microelectronics	steady

(IV) List of major customers in the last two years

1. Information on major clients in the last two years

Unit: NT\$ thousands

Item	2022				2023				To the previous quarter in 2024			
	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Company Name	Amount	Ratio of net stop sales for the year ended prior quarter [%]	Relationship with Issuer
1	C16	580,626	29.79%	None	C16	596,395	35.94%	None	C16	64,015	21.70%	None
2	C3	268,450	13.77%	None	C3	173,068	10.43%	None	C3	845	0.29%	None
3	C6	216,589	11.12%	None	C6	33,435	2.01%	None	C6	19,825	6.71%	None
	Others	883,190	45.32%	None	Others	856,737	51.62%	None	Others	210,366	71.30%	None
	Net Sales	1,948,855	100.00%		Net Sales	1,659,635	100.00%		Net Sales	295,051	100.00%	

Cause of change: The decrease in net sales for this period compared with the previous period was due to the decrease in demand in the consumer electronics IC market of mainland China in 2023.

Explain: The Company's product sales are mainly exported, and the US dollar quotation accounted for the highest percentage of sales.

2. Information on Major Suppliers in the Last Two Years

Unit: NT\$ thousands

Item	2022				2023				To the previous quarter in 2024			
	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Ratio of net imports for the year ended the previous quarter [%]	Relationship with Issuer
1	V16	21,383	1.70%	None	V16	35,294	5.12%	None	V16	24,992	16.23%	None
2	V17	51,579	4.10%	None	V17	33,603	4.88%	None	V17	20,094	13.05%	None
3	V11	256,404	20.39%	None	V11	46,276	6.72%	None	V11	16,083	10.45%	None
4	V13	304,526	24.21%	None	V13	173,054	25.12%	None	V13	12,771	8.30%	None
5	V2	156,728	12.46%	None	V2	33,239	4.83%	None	V2	10,252	6.66%	None
6	V12	189,973	15.11%		V12	124,649	18.09%		V12	301	0.20%	
7	Others	277,075	22.03%	None	Others	242,772	35.24%	None	Others	69,455	45.11%	None
	Net Purchase	1,257,668	100.00%		Net Purchase	688,887	100.00%		Net Purchase	153,948	100.00%	

Reason for Increment: Adjust supply source to match product development needs.

Explain: The main raw material of our products is wafers. At present, the leading suppliers are professional foundry companies such as TSMC, Wavetek Microelectronics, and Powerchip, which have a considerable level of quality and process capability. Prices, product quality, and service status are reviewed regularly between the Company and suppliers. Overall, our long-term relationship with these suppliers is stable and good.

(V) Production in the Last Two Years

Unit: Thousand pieces; NT\$ thousands

Year Output	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Main Merchandise						
Integrated Circuits (ICs) Products	N/A	390,967	2,031,293	N/A	392,850	1,199,351
Others	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	390,967	2,031,293	N/A	392,850	1,199,351

Explain: Since FY2012, the company's testing and processing are outsourced production.

(VI) Shipments and Sales in the Last Two Years

Unit: Thousand pieces; NT\$ thousands

Year Shipments & Sales	2022				2023			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Main Merchandise								
Integrated Circuits (ICs) Products	10,612	118,313	375,501	1,820,541	7,573	84,428	368,684	1,564,003
Others	N/A	231	N/A	9,770	N/A	80	N/A	11,124
Total	10,612	118,544	375,501	1,830,311	7,573	84,508	368,684	1,575,127

III. Employees

Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year		2022	2023	This year as of the publication of the Annual Report
Number of Employees	Managerial Officer	25	26	26
	R & D Staff	85	86	110
	Production staff	24	23	23
	General Staff	47	48	49
	Total	181	183	208
Average Age		48.0	48.5	48.0
Average Years of Services		17.0	17.6	15.8
Education	Ph.D.	0	0	0
	Masters	50	52	68
	College	120	120	129
	High school	11	11	11
	Below High School	0	0	0

IV. Environmental Protection Expenditure

The total amount of losses (including compensation) and disposition arising from the polluting environment in recent years and up to the publication of the annual report, and state future countermeasures (including improvement measures) and possible expenses:

The company is committed to the maintenance of the environment and the establishment of ISO14001 environmental management system and ISO45001 occupational safety and health management system. In May of 2005, SONY Japan Green Partner certification, all exported products to Europe, America, Japan, Korea, Singapore, and Malaysia all comply with RoHS regulations; and we are a professional IC design company, the wafer processing and manufacturing are commissioned by foundry, IC package testing is also commissioned by professional testing factory OEM, factory only a few test equipment for project verification and auxiliary design of computer equipment, so there is no pollution to the environment.

V. Labor Relations

(I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Safeguarding Employees' Rights and Interests

1. Employee Welfare

- (1) The company has an "Employee Welfare Committee" to promote a variety of welfare systems. Weekday employee welfare activities include community activities, birthday parties, annual gifts, travel activities, charitable activities, weddings, funerals, festive subsidies, etc., increasing the emotional exchange and team spirit among employees.

(2) In addition to labor insurance and health insurance, we also have group life insurance, accident insurance and hospitalization medical insurance, and cancer insurance.

2. Employee Development and Training

The company has an “education and training control program,” which covers the whole company's education and training system, etc., respectively, for different levels, professional and new personnel to plan suitable training courses. Annual education and training plan is established, and the quality, HSE-related personnel and regulations require relevant personnel to arrange internal, and external training courses.

In addition to the on-the-job training and internal training of new personnel in various departments, the company also included ISO 9001 lead auditor training, occupational safety and health management training, first aid and fire protection personnel training, production technology training, circuit design research, semiconductor product trend discussion, customer service, paperwork, Accounting practice, human resources management, MIS network management and software application, auditing, corporate governance director and supervision practice, patent and intellectual property.

2023 annual education and training mainly enhance the internal organization learning mechanism, using self-organized courses to let related departments or departments of the same business attribute share and interact so that the experience is sustained to achieve the performance goals of each department, improve internal training function and reduce the cost of related training costs, so KPI training indicators The total number of training courses is greater than 40 times for the total number of training courses, the index achievement was 265%, the internal training sessions have held a total of 106 sessions, the total number of training hours was 197 hours; and the external professional training, the training number was 48 people and the total training time for about 375 hours, the annual training expenses totaled NT\$114,760.

Among the managers involved in the training and training of corporate governance:

Manager Job Title	Name	Name of Training Courses	Training Hours
Audit Supervisor	Yen Chao Li	Key points and impact of IFRS S1/S2 on internal control and internal audit that should be considered	6
Accounting Supervisor	Wen-Yu Lin	2023 New Drait Chi Association	8
Environmental Safety Supervisor	Kuan-Yi Liu	Carbon investigation class	21

The company currently obtained the relevant license of the competent authorities:

Certification and Examination Title	Headcount	Position Title	Headcount
Senior Securities Dealer	2	Competency Manager	1
Futures Business Clerk	2	A-type labor safety and health supervisor	8
Professional Competence Test of Stockholder Services	2	Labor Health Safety Administrator	1
Securities investment Analysts Test	1	Waste Removal and Handling Technician	2
CFA Chartered Financial Analyst	1	Fire Protection Administrator	5
CIA Internal Auditor License	3	First Responders	9
Investment Consultant	1	Hazardous Operations Supervisor Safety and Health	2
Trust Business Personnel Quiz	1	Operation Supervisor, Organic Solvent	3
Foreign Exchange Staff Proficiency Test	1	EHH Lecturer Foundation	1

3. Retirement system and its implementation

After the enactment of the Labour Pension Ordinance on July 1, 2005, the labor pension applies to the Labor Pension Ordinance; pensions are paid monthly and stored in the Labor Pension Personal Account set up by the Labor Insurance Bureau. The company's retirement method is handled according to the relevant laws of the government, retaining the old working years of working seniors, the old working years of pension according to the labor standard law, and setting up a labor retirement reserve supervision committee to regularly allocate retirement reserve and hold a pension reserve supervision committee meeting to ensure labor equity.

4. Agreement between labor and management

The company has a “labor meeting,” which is held regularly every quarter to enhance communication opportunities and establish a consensus, to achieve employee welfare goals and business objectives.

5. Measures to protect employees' rights

The company has various management regulations such as “employee manual,” “employment contract,” “employee confidentiality agreement,” “employee assessment method,” “employee job title and promotion method” and “employee reward and punishment methods,”... etc., all of which are based on the company management culture “adhere to quality, encourage innovation, focus on efficiency “The spirit of setting the code of conduct and ethics and related rights and obligations that employees and managers should abide by. The relevant rules and regulations are available at any time on the company's internal website. For the directors and supervisors of the company, there are rules for the avoidance of conflict of interest in the “Rules of Board Meeting,” and “Audit

Committee Organizational Rules” which require members to avoid interests and do the duties of good managers. In addition, the training of new employees includes general safety and health education, anti-bullying advocacy, workplace abuse and sexual harassment prevention education and training, and the code of conduct for employees is also included in the training curriculum so that employees can understand and comply with the relevant regulations of the company.

- (1) Staff manual and safety and health work code: detailed company introduction, corporate culture, and policy, leave management methods, incentive, insurance, gift subsidy, welfare measures, company products/agents/top ten customers introduction, quality policy, and office equipment usage, etc., so that new employees have to the company A complete understanding helps them adapt quickly and effectively to the new environment and comply with the relevant requirements of the company.
- (2) Employment contract: set out hours, access control security management, ethics (including honesty, morality, avoidance of conflict of interest, confidentiality, fairness, asset protection, compliance, etc.), and various management methods so that new employees can understand and comply with the company's regulations effectively and effectively.
- (3) Employee Confidentiality Agreement: specify that the company's confidential business information should be maintained confidential and combined with the reward and punishment.
- (4) Staff assessment methods: specify the types, periods, procedures, and scoring methods of an annual assessment to enhance staff performance and achieve work goals in a reasonable, impartial, and institutional way.
- (5) Staff job titles and promotion methods: the relationship between the categories, functions, and procedures of the promotion, and the assessment results, with a view to improve the development of the company and create win-win results under the smooth promotion system.
- (6) Employees reward and punishment methods: all incentive rules, all weekly employees to comply with, let employees clearly know the code of conduct; employees have enough to encourage deeds or punishment behavior, according to the provisions of the opening provisions of the reward and punishment. And set out the rules of conduct of commendation, small work, great power, and warning, small, oversized, dismissed job, strict work discipline, implement the principle of reward and punishment, to ensure the smooth progress of all work.
- (7) Employee leave method and access control management: set out various leave, number of days, and related regulations, so that employees take leave to follow, and set up access control system and security personnel to enhance the safety and security of the company and employees.
- (8) Health inspection management regulations: set out the inspection items and period for new employees, employees, and employees engaged in hazardous operations to maintain the health of all employees and improve work efficiency.

- (9) Sexual Harassment Prevention Measures and Punishment Measures: To protect gender equality and personality dignity, specify the procedures and penalties for their complaints and investigation, and prevent sexual harassment in employment places.

6. Procedures for handling critical information:

- (1) All important information of the Company is published in the public information site according to Article 57 of the Securities Trading Act and posted on the company's website "Investor Service" important information page so that the investors and all employees can get the most timely information of the company at the first time.

The "Investor Services" website contains important information, financial information, legal information, corporate governance, and shareholders columns (including contact information of company spokesperson and stock agent, stock price inquiry, ex-right dividend information, shareholders' meeting announcements, dividend announcements, and analyst reports).

- (2) All new managers and directors are received on the first day of the company personnel announcement received the stock affairs group's directors' manuals and publicized information files of the directors of the listed counter company directors for their reference, and on the email focused on the key points of shareholding declaration and emphasizing the penalty of securities law, to avoid violating and issuing them The act of insider trading.

(II) The latest year and up to the date of publication of the annual report, the loss arising from labor disputes, and disclose the estimated amounts and measures that may occur at present and in the future:

The company has been adhering to the "harmonious labor" business philosophy to manage and has established a good and stable corporate culture and working environment. In the future, the company will continue to strive to expand the various management rules, benefits, systems, etc., to seek more and better rights and obligations for all colleagues.

VI. Information and Communication Security Management

(I) Information and Communication Security Risk Management Framework

The company's information security system is responsible for the information security technology control to ensure the operation of the company's information security management system, identify the information security management system within the information security management system, external issues, and related groups of information security requirements and expectations, implement information security protection related Work, security incident response handling, and post-security incident recovery capabilities to prevent security incidents and reduce the loss of security incidents.

(II) Information and Communication Security Policy

We ensure the confidentiality, integrity, availability, and lawfulness of information assets, avoid deliberate or accidental threats, evaluate our business needs, continue to implement IT management tools, and continuously strengthen information security management mechanisms to continuously operate information security management and privacy protection mechanisms.

(III) Information and communication security specific management plan and investment resources

1. Information security management mechanism:

The audit department of the company implements information security management mechanism to establish, implement, maintain, and improve the information security management system in the circular mode of PDCA.

2. Information Security Technology Control

Prevent hackers from hacking and stealing company sensitive data by building information security monitoring systems. Establish a complete information system security network, including computer rooms, network equipment, network connection, and management of personal information equipment (e.g., desktop, laptop, tablet, smartphone, etc.) to protect personal data, company confidential data, and customer and supplier data.

3. Information Security Training

To enhance the awareness and awareness of our employees on information security:

(1) Information security awareness: In order to raise employee awareness of information security, timely announcement and promotion of information security-related information through various channels and conferences.

(2) Information Security Training:

A. New employees sign the Professional Ethics Service Agreement and receive training on information security on the day of registration to understand the company's information security policy and requirements.

B. In addition to the education and training held by the company, the unit's information personnel participated in external training events or seminars (including online) to attract information security mechanisms and the latest types of information security attacks to strengthen information security protection.

C. To enhance employee security awareness through irregular drills.

(IV) Losses, possible impacts, and countermeasures arising from major information security incidents

In the latest year, and as of the publication of the Annual Report, there is no financial compensation or loss related to the operation due to the major events of the information security incident.

Committed to protecting the security and privacy of information assets related to internal and external operations, focusing on the defense of security threats from internal and external, and continue to follow up with relevant threat intelligence at home and abroad, and managing security operations and monitoring in a timely manner, to reduce the operational impact caused by security threats and implement the operational impact of enterprises The responsibility of safety to achieve sustainable development of the enterprise.

VII. Important Contracts

31 March 2024

Type of Contract	Counterparty	Period	Major Contents	Restrictions
Technical Cooperation Contract	Aplus Flash Technology, Inc.	2003.10.20~	Technology Licensing	None
	Faraday Technology Co., Ltd.	2004.02.04~	Technology Licensing	None
	Faraday Technology Co., Ltd.	2004.08.25~	IC Development Support	None
	DVD Copy Control Association	2004.11.04~	Technology Licensing	None
	Aplus Flash Technology, Inc.	2004.11.11~	Technology Licensing	None
	4C Entity LLC	2004.11.19~2024.11.18	Technology Licensing	None
	United Microelectronic Corporation	2005.01.17~	Technology Licensing	None
	Faraday Technology Co., Ltd.	2005.04.08~	Technology Licensing	None
	Macros International Semiconductor Co., Ltd.	2007.06.04~	Technology Licensing	None
	Silicon Ocean, Inc.	2008.05.14~	Technology Licensing	None
	Cadence Design Systems Limited	2008.08.29~	Software Licensing and Maintenance	None
	Back-End Service Trade Intelligence Integration Corp.	2013.01.18~	Wafer Test Project	None
	ARM LIMITED	2013.04.11~	Technology Licensing	None
	Taiwan Semiconductor Manufacturing Co., Ltd.	2003.11.21~	Technology Licensing	None
	Taiwan Semiconductor Manufacturing Co., Ltd.	2003.11.22~	Technical Support	None
	ARM LIMITED	2014.03.27~	Technology Licensing	None
	Dolphin Integration SA	2014.03.31~	Technology Licensing	None
	Taiwan Semiconductor Manufacturing Co., Ltd.	2014.07.07~2017.07.06	Technology Licensing	None
	ARM LIMITED	2018.02.27~	Technology Licensing	None
	CHAO FENG ELECTRONIC CO., LTD.	2023.1.10~2026.1.9	Procurement contract	None
Gretek Electronics Co., Ltd.	2023.1.3~2026.1.2	Package Contract	None	

Chapter 6. Financial Information

I. Simplified financial information for the last five years

(I) Condensed Balance Sheets and Statements of Comprehensive Income

1. Condensed Balance Sheet (Consolidated) -IFRSs

Unit: NT\$ thousands

Item \ Year	Financial summary for the last five years (Note 1)						As of March 31, 2024 FINANCIAL INFORMATION
	2019	2020	2021	2022	2023		
Current assets	1,469,268	1,388,017	1,499,739	1,712,244	1,450,934	1,529,472	
Property, plant, and equipment	463,209	444,007	418,888	429,512	423,169	451,695	
Intangible assets	4,329	4,277	4,123	4,050	3,939	4,006	
Other assets (Note 2)	349,634	333,772	538,805	605,566	637,064	499,550	
Total assets	2,286,440	2,170,073	2,461,555	2,751,372	2,515,106	2,484,723	
Current liabilities	Before distribution	203,012	312,558	259,742	297,698	247,524	200,917
	After distribution	203,012	312,558	259,742	415,311	(Note 3)	(Note 3)
Non-current liabilities	167,226	32,758	216,925	225,297	52,179	60,044	
Total liabilities	Before distribution	370,238	345,316	476,667	522,995	299,703	260,961
	After distribution	370,238	345,316	476,667	640,608	(Note 3)	(Note 3)
Equity attributable to shareholders of the parent	1,818,964	1,714,530	1,834,422	2,061,111	2,047,743	2,044,365	
Capital stock	1,809,437	1,809,437	1,809,437	1,809,437	1,809,437	1,809,437	
Capital surplus	15,873	12,234	18,995	21,144	73,923	73,923	
Retained earnings	Before distribution	56,193	(20,513)	94,775	267,723	210,274	183,093
	After distribution	56,193	(20,513)	94,775	150,110	(Note 3)	(Note 3)
Other equity interest	(62,539)	(86,628)	(88,785)	(37,193)	(45,891)	(22,088)	
Treasury stock	0	0	0	0	0	0	
Non-controlling interest	97,238	110,227	150,466	167,266	167,660	179,397	
Total equity	Before distribution	1,916,202	1,824,757	1,984,888	2,228,377	2,215,403	2,223,762
	After distribution	1,916,202	1,824,757	1,984,888	2,110,764	(Note 3)	(Note 3)

Note 1: The above financial statements have been reviewed or reviewed by the accountant.

Note 2: Those who have undertaken asset revaluation in the year should be given the processing date and the revaluation appreciation amount.

Note 3: The 2023 annual earnings distribution has not been resolved by the shareholders' meeting.

2. Condensed Income Statement (Consolidated) -IFRSs

Unit: NT\$ thousands

Item \ Year	Financial summary for the last five years (Note 1)					
	2019	2020	2021	2022	2023	As of March 31, 2024 FINANCIAL INFORMATION
Operating revenue	1,107,617	1,102,017	1,637,702	1,948,855	1,659,635	295,051
Gross Profit	404,976	379,458	635,093	694,300	560,525	94,448
Operating Gain/Loss	(67,378)	(56,824)	115,182	138,667	(350)	(47,030)
Non-operating income and expenses	31,642	2,710	45,889	27,846	57,559	24,981
Net Profit Before Tax	(35,736)	(54,114)	161,071	166,513	57,209	(22,049)
Net income (loss) from continuing operations	(33,474)	(58,296)	157,590	168,182	59,453	(22,581)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	(33,474)	(58,296)	157,590	168,182	59,453	(22,581)
Other comprehensive income (net, after tax)	(8,719)	(29,510)	(4,220)	73,158	(7,593)	30,940
Total comprehensive income	(42,193)	(87,806)	153,370	241,340	51,860	8,359
Net income (loss) attributable to shareholders of the parent	(36,265)	(76,800)	113,815	167,891	59,026	(27,181)
Net income (loss) attributable to non-controlling interests	2,791	18,504	43,775	291	427	4,600
Comprehensive income attributable to shareholders of the parent	(42,583)	(100,795)	113,131	224,540	51,466	(3,378)
Comprehensive income attributable to non-controlling interest	390	12,989	40,239	16,800	394	11,737
Earnings per Share	(0.20)	(0.42)	0.63	0.93	0.33	(0.15)

Note 1: The above financial statements have been reviewed or reviewed by the accountant.

Note 2: Earnings per share is calculated based on the weighted average number of shares for the current year.

(II) Condensed Balance Sheets and Statements of Comprehensive Income

1. Condensed Balance Sheet (Individual) -IFRSs

Unit: NT\$ thousands

Item	Year	Financial summary for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		800,286	739,766	655,663	868,217	696,240
Property, plant, and equipment		198,821	195,948	195,690	198,059	205,907
Intangible assets		0	0	0	0	0
Other assets (Note 2)		944,698	922,792	1,252,054	1,347,648	1,324,955
Total assets		1,943,805	1,858,506	2,103,407	2,413,924	2,227,102
Current liabilities	Before distribution	93,237	113,132	189,424	227,407	132,043
	After distribution	93,237	113,132	189,424	345,020	(Note 3)
Non-current liabilities		31,604	30,844	79,561	125,406	47,316
Total liabilities	Before distribution	124,841	143,976	268,985	352,813	179,359
	After distribution	124,841	143,976	268,985	470,426	(Note 3)
Equity attributable to shareholders of the parent		1,818,964	1,714,530	1,834,422	2,061,111	2,047,743
Capital stock		1,809,437	1,809,437	1,809,437	1,809,437	1,809,437
Capital surplus		15,873	12,234	18,995	21,144	73,923
Retained earnings	Before distribution	56,193	(20,513)	94,775	267,723	210,274
	After distribution	56,193	(20,513)	94,775	150,110	(Note 3)
Other equity interest		(62,539)	(86,628)	(88,785)	(37,193)	(45,891)
Treasury stock		0	0	0	0	0
Total equity	Before distribution	1,818,964	1,714,530	1,834,422	2,061,111	2,047,743
	After distribution	1,818,964	1,714,530	1,834,422	1,943,498	(Note 3)

Note 1: The above financial statement industry has been verified by the accountant visa.

Note 2: Those who have undertaken asset revaluation in the year should be given the processing date and the revaluation appreciation amount.

Note 3: The 2023 annual earnings distribution has not been resolved by the shareholders' meeting.

2. Condensed Income Statement (Individual) -IFRSs

Unit: NT\$ thousands

Item \ Year	Financial summary for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	775,127	632,851	865,884	1,496,585	1,214,168
Gross Profit	287,094	208,157	296,614	472,542	429,994
Operating Gain/Loss	(37,002)	(90,275)	(11,860)	104,816	74,163
Non-operating income and expenses	(1,270)	15,109	127,946	65,520	(16,436)
Net Profit Before Tax	(38,272)	(75,166)	116,086	170,336	57,727
Net income (loss) from continuing operations	(36,265)	(76,800)	113,815	167,891	59,026
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	(36,265)	(76,800)	113,815	167,891	59,026
Other comprehensive income (net, after tax)	(6,318)	(23,995)	(684)	56,649	(7,560)
Total comprehensive income	(42,583)	(100,795)	113,131	224,540	51,466
Net income (loss) attributable to shareholders of the parent	NA	NA	NA	NA	NA
Net income (loss) attributable to non-controlling interests	NA	NA	NA	NA	NA
Comprehensive income attributable to shareholders of the parent	NA	NA	NA	NA	NA
Comprehensive income attributable to non-controlling interest	NA	NA	NA	NA	NA
Earnings per Share	(0.20)	(0.42)	0.63	0.93	0.33

Note 1: The above financial statement industry has been verified by CPA.

(III) Name of CPAs and Audit Opinions for the Last Five Years

Year	Name of CPA	Enquiry Feedback
2019	Chun-Chih Lin, Chin-Feng Lin	No reservations (emphasis or other matters)
2020	Chun-Chih Lin, Chin-Feng Lin	No reservations (emphasis or other matters)
2021	Chun-Chih Lin, Chin-Feng Lin	No reservations (emphasis or other matters)
2022	Meng-Ta Wu Chin-Shu Pan	No reservations (emphasis or other matters)
2023	Meng-Ta Wu Chin-Shu Pan	No reservations (emphasis or other matters)

II. Five Year Financial Analysis

(I) Financial Analysis (Consolidated) -IFRSs

Item Note 2:		Year	Five Year Financial Analysis					As of March
		2019	2020	2021	2022	2023	31, 2024 (Note 1)	
Financial structure (%)	Debt ratio	16.20	15.91	19.36	18.78	11.92	10.50	
	Ratio of long-term capital to property, plant, and equipment	449.70	418.35	525.63	569.47	535.86	505.61	
Solvency	Current ratio (%)	723.73	444.08	577.40	575.16	586.18	761.24	
	Quick ratio (%)	569.47	365.33	448.31	328.04	368.47	489.08	
	Interest earned ratio (times)	-277.42	-1079.25	9238.91	5939.36	2675.09	-6434.42	
Operating performance	Accounts receivable turnover (times)	5.51	4.82	5.31	5.21	4.68	4.32	
	Average collection period	66.24	75.73	68.74	70.06	77.99	84.49	
	Inventory turnover (times)	2.43	2.88	3.69	2.41	1.76	1.52	
	Payables turnover (times)	7.47	7.70	7.24	7.58	7.96	7.88	
	Average days in sales	150.21	126.74	98.92	151.45	207.39	240.13	
	Property, plant and equipment turnover (times)	2.33	2.43	3.80	4.59	3.89	2.70	
	Total asset turnover (times)	0.47	0.48	0.71	0.75	0.63	0.47	
Profitability	Return on total assets (%)	(1.10)	(2.37)	6.87	6.55	2.33	-3.57	
	Return on shareholders' equity (%)	(1.73)	(3.08)	8.27	7.98	2.68	-4.07	
	Pre-tax income to paid-in capital (%)	(1.97)	(2.99)	8.90	9.20	3.16	-1.22	
	Profit ratio (%)	(3.02)	(5.29)	9.62	8.63	3.58	-7.65	
	Earnings Per Share (NT\$)	(0.20)	(0.42)	0.63	0.93	0.33	-0.15	
Cash Flow	Cash flow ratio (%)	0.00	52.94	65.11	0.00	0.00	40.01	
	Cash flow adequacy ratio (%)	32.05	59.96	78.31	48.04	95.06	62.55	
	Cash reinvestment ratio (%)	0.00	9.82	6.78	0.00	0.00	3.97	
Leverage	Operating leverage	(0.41)	(0.04)	1.95	1.69	(273.07)	0.50	
	Financial leverage	0.88	0.93	1.02	1.02	0.14	0.99	
Please indicate the reason for the change in financial ratios in the last two years. (Analysis will be waived if the increase or decrease is less than 20%)								

Note 1: The above financial statement industry has been verified by the accountant visa or approval.

Note 2: Earnings per share is calculated based on the weighted average number of shares for the current year.

The reasons for the financial ratio changes in the last two years (consolidated) are as follows:

Item		Year		Ratio Variance%	Explanation
		2022	2023		
Financial structure (%)	Debt ratio	18.78	11.92	(36.53%)	The current period's liabilities decreased by 223,292 thousand compared with the previous period, including a decrease of 74,724 thousand in deposits, a decrease of 91,980 in long-term borrowings, and a decrease of 51,027 thousand in accounts payable.
	Ratio of long-term capital to real estate, plant, and equipment	569.47	535.86	(5.90%)	
Solvency	Current ratio (%)	575.16	586.18	1.92%	
	Quick ratio (%)	328.04	368.47	12.32%	
	Interest earned ratio (times)	5939.36	2675.09	(54.96%)	a decrease of 109,304 thousand in net profit before tax for the current period compared with the previous period.
Operating performance	Accounts receivable turnover (times)	5.21	4.68	(10.17%)	
	Average collection period	70.06	77.99	11.32%	
	Inventory turnover (times)	2.41	1.76	(26.97%)	In order to meet customer needs, the stocking volume was increased significantly in 2022, resulting in an increase of 102,576 thousand in average inventory for this period compared with the previous period.
	Payables turnover (times)	7.58	7.96	5.01%	
	Average days in sales	151.45	207.39	36.94%	In order to meet customer needs, the stocking volume was increased significantly in 2022, resulting in an increase of 102,576 thousand in average inventory for this period compared with the previous period.
	Property, plant, and equipment turnover (times)	4.59	3.89	(15.25%)	
	Total asset turnover (times)	0.75	0.63	(16.00%)	
Profitability	Return on total assets (%)	6.55	2.33	(64.43%)	Due to a decrease of 108,729 thousand in net profit after tax for the current period compared with the previous period.

Item		Year		Ratio Variance%	Explanation
		2022	2023		
	Return on shareholders' equity (%)	7.98	2.68	(66.42%)	Due to a decrease of 108,729 thousand in net profit after tax for the current period compared with the previous period.
	Pre-tax income to paid-in capital (%)	9.20	3.16	(65.65%)	Due to a decrease of 109,304 thousand in net profit before tax for the current period compared with the previous period.
	Profit ratio (%)	8.63	3.58	(58.52%)	Due to a decrease of 108,729 thousand in net profit after tax for the current period compared with the previous period.
	Earnings Per Share (NT\$)	0.93	0.33	(64.52%)	Due to a decrease of 108,865 thousand in net profit attributable to the parent company for this period compared with the previous period.
Cash Flow	Cash flow ratio (%)	65.11	0.00	(100.00%)	
	Cash flow adequacy ratio (%)	78.31	48.04	(38.65%)	The net cash flow from operating activities in the past five years has increased by 21,772 thousand compared with the previous period, and the increase in inventory in the past five years has decreased by 47,980 thousand compared with the previous period.
	Cash reinvestment ratio (%)	6.78	0.00	(100.00%)	
Leverage	Operating leverage	1.95	1.69	(13.33%)	Due to the net operating loss of 350 thousand in the current period.
	Financial leverage	1.02	1.02	0.00%	Due to the net operating loss of 350 thousand in the current period.

(II) Financial Analysis (Individual) -IFRSs

Analysis item (Note2)		Year	Five-Year Financial Analysis				
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	6.42	7.75	12.79	14.38	7.81	
	Ratio of long-term capital to property, plant and equipment	930.58	890.74	978.07	1100.65	1020.06	
Solvency	Current ratio (%)	858.33	653.90	346.14	381.79	549.41	
	Quick ratio (%)	701.64	551.65	264.88	168.30	275.54	
	Interest earned ratio (times)	(59937.19)	(118356.80)	180706.02	1759040.98	324846.54	
Operating performance	Accounts receivable turnover (times)	6.67	5.83	5.54	6.42	5.11	
	Average collection period	54.72	62.61	65.88	56.85	71.43	
	Inventory turnover (times)	3.31	3.33	4.37	3.28	1.92	
	Payables turnover (times)	6.74	7.58	5.77	7.58	7.82	
	Average days in sales	110.27	109.61	83.52	111.28	190.10	
	Property, plant and equipment turnover (times)	3.82	3.21	4.42	7.60	6.01	
	Total asset turnover (times)	0.39	0.33	0.44	0.66	0.52	
Profitability	Return on total assets (%)	(1.82)	(4.04)	5.75	7.44	2.55	
	Return on shareholders' equity (%)	(1.97)	(4.35)	6.41	8.62	2.87	
	Pre-tax income to paid-in capital (%)	(2.12)	(4.15)	6.42	9.41	3.19	
	Profit ratio (%)	(4.68)	(12.14)	13.14	11.22	4.86	
	Earnings Per Share (NT\$)	(0.20)	(0.42)	0.63	0.93	0.33	
Cash Flow	Cash flow ratio (%)	0.00	0.00	0.00	0.00	0.00	
	Cash flow adequacy ratio (%)	385.22	299.50	121.01	13.67	42.89	
	Cash reinvestment ratio (%)	0.00	0.00	0.00	0.00	0.00	
Leverage	Operating leverage	(0.13)	0.55	(2.13)	1.34	1.57	
	Financial leverage	1.00	1.00	0.99	1.00	1.00	

Note 1: The above financial statement industry has been verified by the accountant visa.

Note 2: Earnings per share is calculated based on the weighted average number of shares for the current year.

The reasons for the change in financial ratios for the last two years (individual) are as follows:

Year		2022	2023	Ratio Variance%	Explanation
Item					
Financial structure (%)	Debt ratio	14.38	7.81	(45.69%)	due to the decrease in liabilities of this period by 173,454 thousand compared with the previous period, of which deposits decreased by 71,676 thousand and accounts payable decreased by 73,936 thousand.
	Ratio of long-term capital to property, plant and equipment	1100.65	1020.06	(7.32%)	
Solvency	Current ratio (%)	381.79	549.41	43.90%	Due to the decrease in current liabilities compared to the previous period with a higher proportion than the current assets, of which accounts payable decreased by 73,936 thousand compared with the previous period.
	Quick ratio (%)	168.30	275.54	63.72%	The inventory of this period decreased by 134,808 thousand compared with the previous period.
	Interest Protection Multiplier(times)	1759040.98	324846.54	(81.53%)	Due to the fact that the net profit before tax for this period decreased by 112,609 thousand compared with the previous period, and the interest expense increased by 8 thousand compared with the previous period.
Operating performance	Accounts receivable turnover (times)	6.42	5.11	(20.40%)	Due to the decrease in sales revenue of 282,417 thousand in this period compared with the previous period.
	Average collection period	56.85	71.43	25.65%	
	Inventory turnover (times)	3.28	1.92	(41.46%)	The operating cost of this period decreased by 239,869 thousand compared with the previous period, and the average inventory of the two periods increased by 96,446 thousand compared with the previous period.
	Payables turnover (times)	7.58	7.82	3.17%	

Item \ Year		2022	2023	Ratio Variance%	Explanation
	Average days in sales	111.28	190.10	70.83%	The operating cost of this period decreased by 239,869 thousand compared with the previous period, and the average inventory of the two periods increased by 96,446 thousand compared with the previous period.
	Property, plant and equipment turnover (times)	7.60	6.01	(20.92%)	Due to a decrease of 282,417 thousand in operating income for this period compared with the previous period.
	Total asset turnover (times)	0.66	0.52	(21.21%)	
Profitability	Return on total assets (%)	7.44	2.55	(65.73%)	Due to the decrease of 108,865 thousand in net profit after tax for the current period compared with the previous period.
	Return on shareholders' equity (%)	8.62	2.87	(66.71%)	
	Pre-tax income to paid-in capital (%)	9.41	3.19	(66.10%)	Due to the decrease of 112,609 thousand in net profit before tax for the current period compared with the previous period.
	Profit ratio (%)	11.22	4.86	(56.68%)	Due to the decrease of 108,865 thousand in net profit after tax for the current period compared with the previous period.
	Earnings Per Share (NT\$)	0.93	0.33	(64.52%)	
Cash Flow	Cash flow ratio (%)	0.00	0.00	0.00%	
	Cash flow adequacy ratio (%)	13.67	42.89	213.75%	Due to the fact that the net cash flow in the past five years increased by 62,296 thousand compared with the previous period.
	Cash reinvestment ratio (%)	0.00	0.00	0.00%	
Leverage	Operating leverage	1.34	1.57	17.16%	
	Financial leverage	1.00	1.00	0.00%	

III. Audit Committee Report for the Most Recent Fiscal Year's Financial Statement

Princeton Technology Co., Ltd.

Audit Committee's Report

The audit committee agreed and resolved by the Board of Directors of the Company's financial statements, business report, and surplus distribution motion, of which the company's financial statements for the year 111 were appointed by the Board of Directors to Crowe (TW) CPAs checked and issued the unreserved opinion check report.

The Audit Committee is responsible for overseeing the financial reporting process of the Company.

Certified Public accountants certified the company's financial statements for the year 2022, communicating with the Audit Committee on the following matters:

1. The scope and time of verification planned by the certified accountant have not yet been found.
2. The certified accountant provides to the Audit Committee that the staff subject to the independence of the firms of these accountants have complied with the statement of independence in the accountant's Code of Ethics. No other relationships and other matters are found to be considered to affect the independence of the accountant.
3. The certified accountant has communicated with the Audit Committee on the key audit items listed in the audit report.

The Audit Committee agrees that the Company's financial statements, business report, and surplus distribution motions of the Company for the year 2022, as determined by the Board of Directors, are in accordance with the relevant regulations, and the report in accordance with Article 219 of the Company Act is as above.

Hereby presented for review

To:

Princeton Technology Co., Ltd.

Convener of the Audit Committee Yu-Feng Ma

Member of Audit Committee Hsueh-Min Wu

Member of Audit Committee Yi-Chen Tsai

March 1, 2023

IV. Latest annual financial statements, including the accountant audit report, two-year balance sheet, consolidated income statement, statement of equity changes, cash flow statement, and notes or schedule:

Please refer to Annex I (P.111-P.160).

V. Consolidated Financial Statements of Parent Company and Subsidiary Reviewed by CPA But without the significant accounting schedule:

Please refer to Annex I (P.161~P.217).

VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation

None

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance and Listing of Risks

I. Analysis of Financial Status

Financial position comparative analysis

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,450,934	1,712,244	(261,310)	(15.26%)
Current assets	1,064,172	1,039,128	25,044	2.41%
Total assets	2,515,106	2,751,372	(236,266)	(8.59%)
Current liabilities	247,524	297,698	(50,174)	(16.85%)
Non-current liabilities	52,179	225,297	(173,118)	(76.84%)
Total liabilities	299,703	522,995	(223,292)	(42.69%)
Capital stock	1,809,437	1,809,437	0	0.00%
Capital surplus	73,923	21,144	52,779	249.62%
Retained earnings	210,274	267,723	(57,449)	(21.46%)
Other equity items	(45,891)	(37,193)	(8,698)	23.39%
Non-controlling interest	167,660	167,266	394	0.24%
Total shareholders' equity	2,215,403	2,228,377	(12,974)	(0.58%)

1. Analysis of change of increase and decrease ratio of more than 10%

- Decrease in current assets: Due to the decrease in inventories and accounts receivable in the current period by 192,615 thousand and 73,245 thousand compared with the previous period.
- Decrease in current liabilities: Due to a decrease of 51,027 thousand in accounts payable for the current period compared with the previous period.
- Decrease in non-current liabilities: Due to the decrease in long-term borrowings and deposits of 91,980 thousand and 74,724 thousand in the current period compared with the previous period.
- Decrease in total liabilities: Due to the decrease in accounts payable, long-term borrowings, and deposits in the current period compared with the previous period.
- Increase in capital reserve: Due to an increase of 52,779 thousand in changes in associated enterprises and joint ventures recognized using the equity method in the current period.
- Decrease in retained earnings: Due to the decrease in net profit after tax for the current period compared with the previous period.
- Increase in other equity items: Due to the decrease in exchange differences recognized in the translation of financial statements of foreign operating institutions in the current period

2. Impact of changes in financial position: No significant impact on financial position.

3. Future Response Plan: Not applicable.

II. Financial Performance

The Comparative Analysis of Business Results for the Last Two Years

Unit: NT\$ thousands

Item \ Year	2023	2022	Increase (Decrease) Amount	% Change
Net operating revenue	1,659,635	1,948,855	(289,220)	(14.84%)
Operating costs	1,099,110	1,254,555	(155,445)	(12.39%)
Gross Profit	560,525	694,300	(133,775)	(19.27%)
Operating expenses	560,875	555,633	5,242	0.94%
Operating Profit	(350)	138,667	(139,017)	(100.25%)
Non-operating income and expenses	57,559	27,846	29,713	106.70%
Continue the business department before net tax profit	57,209	166,513	(109,304)	(65.64%)
Income tax expenses	2,244	1,669	575	34.45%
Continue business department net profit after tax	59,453	168,182	(108,729)	(64.65%)
<p>1. Analysis of changes of more than 20%:</p> <ul style="list-style-type: none"> • Decrease in operating profit: Due to the decline in the Chinese market in the current period, the overall operating income decreased by 289,220 thousand. • Increase in non-operating income and expenses: Due to an increase of 27,835 thousand in net benefits from financial assets measured at fair value through profit and loss in the current period compared with the previous period. • Net profit before tax from the continuing operations department: Due to the decline in the Chinese market in the current period, the overall operating income decreased by 289,220 thousand. • Increase in income tax benefits: Due to adjustments in previous years, the occurrence and reversal of temporary differences. • Net profit after tax from continuing operations: Due to the decline in the Chinese market in the current period, the overall operating income decreased by 289,220 thousand. <p>2. Expected Sales Quantities and Based on: Financial forecasts are not published, so they are not applicable.</p> <p>3. Possible impact on future financial business and response plan: Financial forecast has not been published, so it is not applicable.</p>				

(I) Cash Flow

Cash flow change analysis

Cash balance, the beginning of year	Year round from operating activities: cash flow	Year-round net cash flow due to investment and financing activities	Effect of exchange rate changes on cash and cash	Estimated cash surplus (deficit) amount	Estimated remedial measures for cash deficit	
December 31, 2022	2023	2023	2023	December 31, 2023	Investment Plan	Financial Planning
275,310	73,544	(90,790)	(6,763)	251,301	-	-

1. Analysis of changes in cash flow for the current year:

- Cash inflow from operating activities was approximately 73,544 thousand: mainly due to the decrease in inventories in the current period resulting in cash inflows of 192,615 thousand, and the increase in financial assets measured at fair value through profit and loss resulting in cash outflows of 112,856 thousand.
- Cash inflow from investing activities was approximately 41,525 thousand: mainly due to the current period's acquisition of financial assets measured at fair value through profit and loss and other comprehensive profit and loss, acquisition of real estate, plants and equipment, cash outflow of approximately 97,947 thousand. The disposal of financial assets measured at amortized cost resulted in cash inflows of 76,681 thousand and other non-current assets reduced cash inflows of 77,450 thousand.
- Cash outflows from financing activities were approximately 132,315 thousand: mainly due to an increase in short-term borrowings of 34,407 thousand in the current period, repayment of long-term borrowings, and deposits of deposits, resulting in cash outflows of 166,689 thousand.

2. Insufficient liquidity improvement plan: Not applicable if there is no shortage of cash.

3. Cash Flow Analysis for the Coming Year:

Cash balance, beginning of year	Estimated annual net cash flows from operating activities	Annual cash outflow	Estimated cash surplus (deficit) amount	Estimated remedial measures for cash deficit	
				Investment Plan	Financial Planning
251,301	1,337,707	(1,516,100)	72,908	-	-

Estimated change in cash flow over the next year: There is no shortage of cash.

III. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

(I) Use of major capital expenditures and sources of funds: None.

(II) Expected possible benefits: Not applicable.

IV. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year

As of December 2023, the Company reinvested indirectly in mainland China by investing in PRINCETON SILON LIMITED in Hong Kong, totaling USD 33,500,000:

1. Princeton Technology (Shenzhen) Co., Ltd: Due to internal operation adjustment, IC wholesale and retail business gradually transferred to Chengdu sales, mainly responsible for post-sales

service and promotion services in mainland China, recognized an investment loss of \$8,762 thousand in 2023.

2. Princeton Innovation (Chengdu) Technology Co., Ltd: To expand the business and recruit outstanding R&D personnel in the West through its subsidiary Princeton Silicon Limited. Established in Chengdu, China, on November 7, 2014. It mainly engaged in IC design, software design, wholesale and import and export related services of IC products and electronic products, etc., which helps to enhance the quality and cost advantages of the parent company's products. 2023 recognized investment loss of \$17,017 thousand.

Looking forward, in order to continue to enhance product competitiveness and closer to market demand, the Company will actively invest in China market development to increase market share and brand visibility, hoping to increase further the Company's revenue and profit in mainland China.

V. Risk Analysis and Assessment for the Most Recent Fiscal Year and During the Current Fiscal Year and as of the Date of Publication of the Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Corporate Finance and Future Response Measures

1. Effect on Company's Gains and Losses:

Item	2023 (NT\$1,000; %)
Interest income and expenses, net	1,182
Net exchange gain or loss	56
Ratio of net interest income and expenses to net operating income	0.07%
Net interest income and expenditure to net income before tax	2.07%
Conversion Gain/Loss to Net Revenue Ratio	0.00%
Net Exchange Gain/Loss to Net Profit Before Tax Ratio	0.10%

(1) Interest Rate Changes

The Company's financial assets and financial liabilities with interest rate change cash flow risk at the end of 2023 were \$252,538 thousand and \$34,407 thousand, respectively. If the market interest rate changes, the effective rate of such financial products will change the market interest rate.

An increase of 1% will increase the annual benefit of the Company by approximately \$2,181 thousand.

(2) Exchange rate changes

The Company has foreign currency-denominated import and export business funds, and exchange rate changes mainly affect IC costs.

Revenue, net receivables at risk of exchange rate change at the end of 2023 is JPY756 thousand and USD3,572 thousand. If the change in the Taiwan dollar exchange rate changes the fair value accordingly, the TWD exchange rate will increase the gain of approximately \$1,097 thousand.

(3) Credit risk

The principal credit risk of the Company is due to the recovery of receivables, so exposure to credit risk if net assets at the end of 2023 was \$312,866 thousand.

(4) Inflation

The global economy is now in a gradual downturn toward recovery, with interest rates in lower regions.

Inflation has a limited impact on the profit and loss of the Company.

2. Future workarounds:

(1) Responses to Interest Rate Changes

Most of our financial assets exposed to market interest rate changes are required for operational turnover, but in order to minimize exposure, our risk assessment team will,

from time to time, account for idle funds and invest in fixed-income financial assets such as creditworthy bond funds, convertible bonds, etc. Profit or loss derived from insurance.

(2) Countermeasures for exchange rate changes

The Company has ample working capital and large financial flexibility to cope with the risk of interest rate changes. For exchange rate changes, in addition to some dynamic natural avoidance, the Company's risk assessment team will choose a better exchange point for spot selling or signing forward foreign exchange contracts with reputable banks in China. Avoid the risk of changes in exchange rates.

(3) Measures to Respond to Credit Risk

The Company only deals with approved and creditworthy third parties. Our policy requires credit confirmation procedures to be used before credit transactions with customers, and we continue to evaluate receivables and bills receivable recycling. Once the risk assessment team evaluates the possibility of default, the other party will be requested to provide due guarantee and appropriate backing, and the book balance has been properly taken into account and reflect the credit risk.

(4) Inflation

Global central banks began to raise interest rates in 2022 against inflation, global interest rates are currently in a high-grade zone, and high-interest rate policies inhibit inflation, global inflation begins to slow

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

The company is committed to the development of the industry and did not engage in high-risk, high-leverage investment, money lending, and others; endorsement guarantees are enforced according to the company's endorsement guarantee; as of Mar 31, 2024, the company provides bank financing required endorsement guarantee to second-tier subsidiary - Princeton, Endorsement The amount is RMB10,000 thousand and USD500 thousand; in order to reduce the impact of exchange rate changes on the company's profit and loss, the company is engaged in pre-sale and foreign exchange selection at any time depending on the exchange rate change Derivatives such as options are traded to avoid the impact of a company's profit from changing exchange rates.

(III) Research and Development Work to Be Carried Out in the Future, and Further Expenditures Expected for Research and Development Work:

For future R&D plans, please refer to the section of this annual report, "Operation Overview - New Products Planned to Develop." The company has continuously invested relevant human resources

and technical resources for new product development.

(IV) Effects of and Response to Changes in Policies and Regulations At Home and Abroad Relating to Corporate Finance and Sales:

The Company has a legal office and legal adviser to study and consult on the impact of important domestic and foreign policy and legal changes on the company's financial business. Based on its data, there is no significant impact, so it is not applicable.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The high prevalence rate of DVD-player will cause market saturation and profit reduction in the future. The company's response is to develop automotive IC and SoC products, and actively develop markets in North East Asia, such as Japan and Korea, to enhance revenue and gross profit.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management and the Company's Response Measures:

The Company does not currently have a corporate image change, so there is no impact on corporate crisis management, so it is not applicable.

(VII) Expected Benefits from, Risks Relating to, and Response to Merger and Acquisition Plans:

The Company does not currently have a M&A plan, so there is no expected benefit or potential risk, so it is not applicable.

(VIII) Expected Benefits from, Risks Relating to, and Response to Factory Expansion Plans

The Company does not currently plan to expand the plant, so there are no expected benefits or possible risks, so it is not applicable.

(IX) Risks Associated With Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures Being or to Be Taken:

The Company does not currently have the phenomenon of purchase or sales concentration, so there is no possible risk, so it is not applicable.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% :

The Company does not currently have a large transfer or replacement of shareholders' shareholdings' shares, so it does not apply.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights:

The Company currently has no operating rights change, so there is no impact or risk, so it is not applicable.

(XII) Disclosure of issues in dispute, the monetary amount of claims, filing date, counterparties, and status of any litigation or other legal proceedings in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report where the Company and/or any of its directors, supervisors, General Manager, the de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the shareholders' equity or price of securities:

The Company currently does not have such a significant impact on shareholders' equity or the price of securities and is not applicable.

(XIII) Other Important Risks and Mitigation Measures:

Risk Assessment Analysis and Countermeasures: We have established a complete network and computer security system to control or maintain the functions of important enterprises, such as our operations and accounting, but there is no guarantee that the computer system will completely avoid cyberattacks from any third-party cracking systems. As a result, we review and evaluate cybersecurity regulations and procedures annually, and the audit establishes the following information security management tasks to ensure the security of our information is protected:

1. Computer system operation and maintenance control procedures
2. Data Backup Implementation Rules
3. Information Systems Recovery Policy
4. Information System Permissions Help

In 2022 and as of the publication of the annual report, the company did not find any major cyberattacks or incidents, nor was it involved in any legal cases or regulatory investigations related to this. In the future, the company will continue to strengthen security protection and establish prevention mechanisms to reduce the company's information security risk and regular security assessment to enable the Company's information security management system to be maintained.

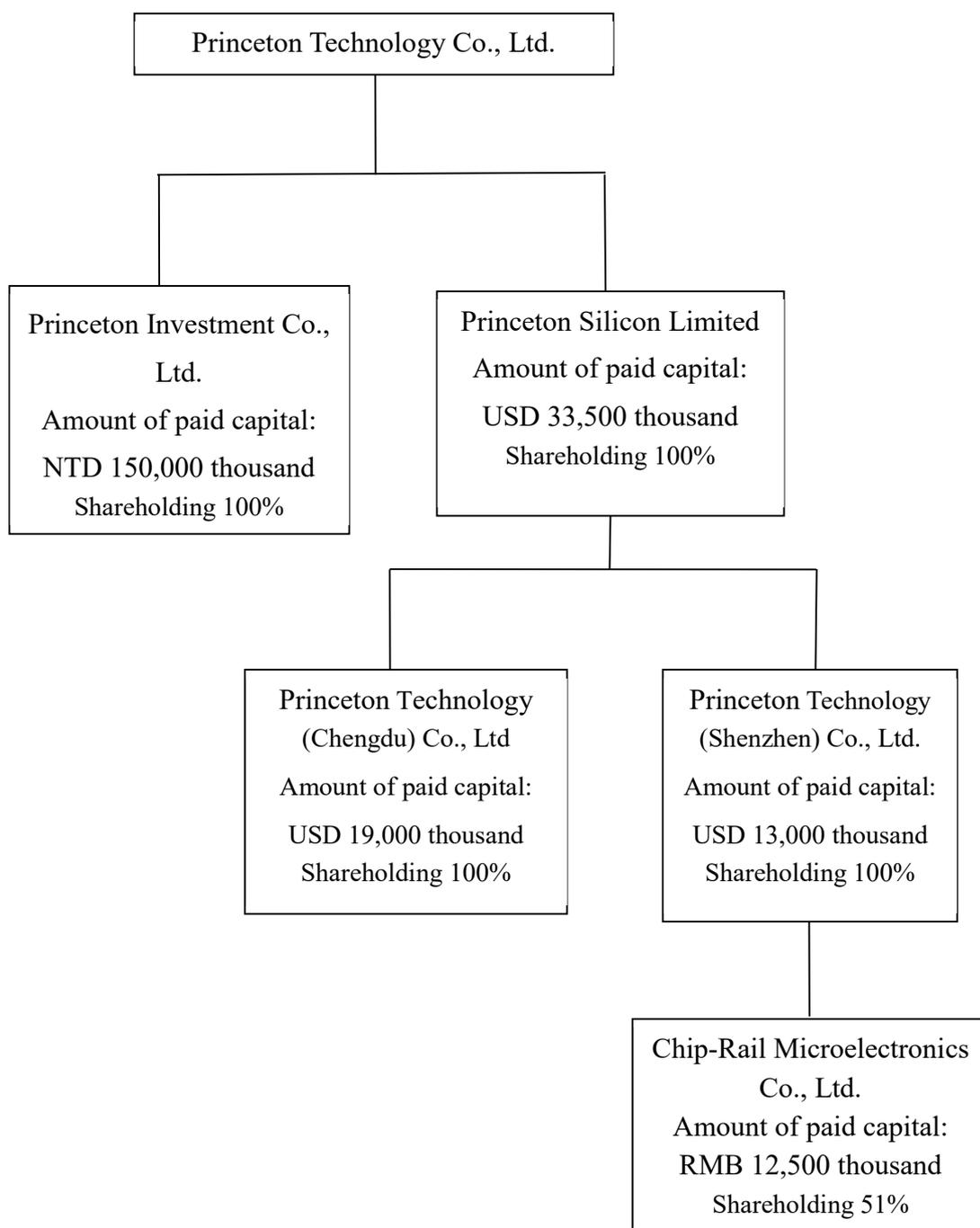
VI. Other Important: None.

Chapter 8. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated Business Report

1. Affiliate Company Structure



2. Name, date of establishment, address, amount of paid capital, main business items of each affiliated enterprise

Unit: NT\$ thousands

Name of Affiliate	Set up date	Address	Amount of paid capital	Major Business Activities
Princeton Investment Co., Ltd.	2003.10.29	No. 152, Chaozhou Street, Da'an District, Taipei City	150,000	General Investment Business
Princeton Silicon Limited	2017.04.25	Hongkong	1,056,197	Investment in mainland China and other regions.
Princeton Technology (Shenzhen) Co., Ltd.	2002.07.30	18/F, Building 1, SOHO Building, 230 Xixiang Avenue, Bao'an District, Shenzhen City, China	417,942	IC wholesale industry, IC retail and international trade business, computer system development, IC design and software design, lithium-ion battery diaphragm and various functional films research and development, communication technology consulting, and after-sales service.
Princeton Technology (Chengdu) Co., Ltd	2014.11.07	No. 309, Hezuo Road, Gaoxin District, Chengdu City, Sichuan Province, China	591,690	IC design and software design, technology transfer, technical consulting, after-sales technical services; design, development, and wholesale of electronic system modules; wholesale and import/export support services of integrated circuit products and electronic products; R&D and wholesale of communication equipment, import and export, communication technology consulting and door-to-door Maintenance; R&D, wholesale and import and export related supporting services for lithium-ion battery diaphragm and various functional films; own housing rental.
Chip-Rail Microelectronics Co., Ltd.	2010.08.05	7/F, No. 309, Hezuo Road, Gaoxin District, Chengdu City, Sichuan Province, China	54,300	Computer system development, set circuit design, computer hardware and software design, and integrated circuit technical services.

3. Presumed to be controlled and subordinated by Article 369-3 of the Company Act:

None.

4. Data about persons with presumed causes that have inferred control and affiliation:

None.

5. **Industries covered by the business of an overall affiliated enterprise:** the main business items in Table 2 above.

6. **Name of director and general manager of the overall related company and its shareholding**

Name of Affiliate	Title	Name or Representative	Unit: Share	
			Shares	ratio
Princeton Investment Co., Ltd.	Chairman	Princeton Technology Co., Ltd. (Representative: Chang-An Chiang)	15,000	100%
	Director	Princeton Technology Co., Ltd. (Representative: Yu-Chen Hu)		
	Director	Princeton Technology Co., Ltd. (Representative: Wen-Yu Lin)		
	Supervisor	Princeton Technology Co., Ltd. (Representative: Jen-Hung Tang)		
Princeton Silicon Limited	Chairman	Princeton Technology Co., Ltd. (Representative: Chang-An Chiang)	33,500	100%
Princeton Technology (Shenzhen) Ltd.	Chairman	Princeton Silicon Limited (Representative: Chang-An Chiang)	13,000	100%
	Director	Princeton Silicon Limited (Representative: Yueh-Lan Tseng)		
	Director	Princeton Silicon Limited (Representative: Chi-Lin Chao)		
Princeton Technology (Chengdu) Co., Ltd	Chairman	Princeton Silicon Limited (Representative: Chang-An Chiang)	19,000	100%
	Director	Princeton Silicon Limited (Representative: Yu-Chen Hu)		
	Director	Princeton Silicon Limited (Representative: Jen-Hung Tang)		
	Supervisor	Princeton Silicon Limited (Representative: Chi-Lin Chao)		
Chip-Rail Microelectronics Co., Ltd.	Chairman	Chang-An Chiang	6,375	51%
	Director	Chang-Ming Chu		
	Director	Ming-Hsueh He		
	Director	Yi-Nan Chen		
	Director	Chien-Yu Yang		
	Supervisor	Yu-Chen Hu		
	Supervisor	Wen-Yu Lin		
	Supervisor	Chun Wang		

7. Overview of Operations of Affiliates

December 31, 2023 Unit: NTD thousand

Name of Affiliate	Amount of capital	assets liabilities	Total liabilities	Net worth	Operating revenues	Operating interest	Interest in the current period (after tax)	Earnings per Share (after tax)
Princeton Technology Co., Ltd.	1,809,437	2,227,102	179,359	2,047,743	1,214,168	74,163	59,026	0.33
Princeton Investment Co., Ltd.	150,000	202,828	50	202,778	0	(93)	7,763	0.52
Princeton Silicon Limited	1,056,197	927,772	0	927,772	0	(1)	(25,758)	(0.77)
Princeton Technology (Shenzhen) Co., Ltd.	417,942	379,075	22,042	356,673	11,905	(10,918)	(8,940)	(0.69)
Princeton Technology (Chengdu) Co., Ltd	591,690	646,722	836,040	(189,318)	342,156	(40,711)	(16,934)	(0.89)
Chip-Rail Microelectronics Co., Ltd.	54,300	397,449	55,287	342,162	316,977	(24,611)	872	0.07

(II) Consolidated financial statements of related companies: Please refer to Annex II (P.161~217).

(III) Reports on Affiliates: N/A.

II. Private Placement of Securities During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

V. Other necessary supplementary instructions: None.

Independent Auditors' Report

The Board of Directors and Stockholders
Princeton Technology Corp.

Opinion

We have audited the accompanying parent company only financial statements of Princeton Technology Corp. (the Company), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Allowance for Inventory Valuation and Obsolescence Losses

The Company's inventories consist of wafers and integrated circuits. Due to the rapid technological changes and volatile market, the estimate of the realizable value of inventories and the identification of slow-moving inventories require significant management judgment. We believe that the allowance for inventory valuation and obsolescence losses is a Key Audit Matter item. Refer to Notes 5&11.

Our Key audit procedures performed in respect of the above included the following:

1. Assessed the adequacy of inventory valuation policy adopted by the management.
2. Obtained the valuation report of inventories prepared by the management ; Selected samples to examine whether inventories are stated at the lower of cost or net realizable value and assessed the reasonableness of the management's assumption.
3. Obtained, tested and inspected the inventory aging report prepared by the management ; Observed physical inventory-taking to evaluate whether the allowance of inventories obsolescence losses was appropriate.

Other Matter

As shown in the accompanying parent company only financial statements, the Company had long-term investment in Microlink Communications Inc. accounted for under equity method based on financial

statements as of December 31, 2023 and 2022, which were audited by the other auditor. Our audit, insofar as it related to the investment accounted for under the equity method balances both to NT\$0 as of December 31, 2023 and 2022, the related share of the investment loss from the associates and joint ventures both amounted to NT\$0 for the years ended December 31, 2023 and 2022, is based solely on the report of the other independent accountant.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

WU MENG TA

PAN JIN SHU

Crowe (TW) CPAs

February 29, 2024

Notice to Readers

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

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Princeton Technology Corp.
Parent Company Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

Assets	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	Note 6	\$ 132,011	6	\$ 28,448	1
Financial assets at fair value through profit or loss	Note 7	-	-	30,009	1
Financial assets at amortized cost	Note 9	-	-	45,990	2
Notes receivable, net	Note 10	-	-	72	-
Accounts receivable, net	Note 10	161,281	8	225,864	10
Accounts receivable, net- related parties	Notes 10&28	48,607	2	39,510	2
Other receivables	Notes 10&28	4,765	-	10,401	-
Current tax assets	Note 25	483	-	372	-
Inventories, net	Note 11	341,714	15	476,522	20
Prepayments		5,348	-	8,964	-
Other financial assets	Notes 6&29	2,031	-	2,065	-
Total current assets		696,240	31	868,217	36
Non-current assets					
Financial assets at fair value through other comprehensive income	Note 8	4,350	-	4,575	-
Investments accounted for under the equity method	Note 12	1,144,919	52	1,084,358	45
Property, plant and equipment	Notes 13&29	205,907	9	198,059	8
Deferred tax assets	Note 25	6,772	-	6,599	-
Other noncurrent assets	Notes 15&30	168,914	8	252,116	11
Total non-current assets		1,530,862	69	1,545,707	64
Total assets		\$ 2,227,102	100	\$ 2,413,924	100
Liabilities and stockholders' equity					
Current liabilities					
Contract liability	Note 21	\$ 2,538	-	\$ 1,201	-
Accounts payable		61,709	3	133,154	6
Accounts payable - related parties	Note 28	1,659	-	4,150	-
Other payables	Note 17	65,996	3	88,826	4
Other current liabilities		141	-	76	-
Total current liabilities		132,043	6	227,407	10
Non-current liabilities					
Deferred tax liabilities		4,602	-	7,726	-
Net defined benefit liability	Note 18	12,266	1	15,556	1
Refundable deposits	Note 19	30,448	1	102,124	4
Total non-current liabilities		47,316	2	125,406	5
Total liabilities		179,359	8	352,813	15
Equity attributable to the parent company					
Capital	Note 20	1,809,437	81	1,809,437	75
Additional paid-in capital	Note 20	73,923	3	21,144	1
Retained earnings	Note 20				
Legal reserve		112,070	5	94,775	4
Special capital reserve		37,193	2	-	-
Accumulated losses		61,011	3	172,948	7
Total retained earnings		210,274	10	267,723	11
Other components of equity	Note 20	(45,891)	(2)	(37,193)	(2)
Total equity		2,047,743	92	2,061,111	85
Total liabilities and equity		\$ 2,227,102	100	\$ 2,413,924	100

The accompanying notes are integral part of parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Princeton Technology Corp.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 & 2022

(Expressed in Thousand New Taiwan Dollars, Except for Earnings Per Share Amounts)

	Note	2023		2022	
		Amount	%	Amount	%
Net sales	Notes 21&28	\$ 1,214,168	100	\$ 1,496,585	100
Cost of goods sold	Notes 11.18&22	(784,174)	(65)	(1,024,043)	(68)
Gross profit		429,994	35	472,542	32
Unrealized profit from sales		(2,498)	-	(258)	-
Realized profit from sales		258	-	725	-
Gross profit from operations		427,754	35	473,009	32
Operating expenses	Notes 18.22&28				
Marketing		(21,395)	(2)	(24,119)	(2)
General and administrative		(93,699)	(7)	(101,783)	(7)
Research and development		(238,497)	(20)	(242,291)	(16)
Total operating expenses		(353,591)	(29)	(368,193)	(25)
Operating gain		74,163	6	104,816	7
Non-operating income and expenses					
Interest income	Note 23	2,085	-	1,554	-
Other gain and loss	Notes 24&28	7,326	1	46,143	3
Finance costs		(18)	-	(10)	-
Share of profits of associates and joint ventures	Note 12	(25,829)	(2)	17,833	1
Subtotal		(16,436)	(1)	65,520	4
Income from continuing operations before income tax		57,727	5	170,336	11
Income tax expense	Note 25	1,299	-	(2,445)	-
Net income		59,026	5	167,891	11
Other comprehensive income and loss					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 18	1,422	-	6,321	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	Note 20	(225)	-	(855)	-
Share of other comprehensive gain (loss) of subsidiaries and associates		531	-	(360)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss	Note 25	(284)	-	(1,264)	-
Subtotal		1,444	-	3,842	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	Note 20	(11,202)	(1)	63,408	4
Share of other comprehensive loss of subsidiaries and associates		(42)	-	-	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss	Notes 20&25	2,240	-	(10,601)	-
Subtotal		(9,004)	(1)	52,807	4
Total other comprehensive (loss) income, net of tax		(7,560)	(1)	56,649	4
Total comprehensive income		\$ 51,466	4	\$ 224,540	15
Earnings per share	Note 26				
Basic earnings per share		\$ 0.33		\$ 0.93	
Diluted earnings per share		\$ 0.33		\$ 0.92	

The accompanying notes are integral part of parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Princeton Technology Corp.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 & 2022

(Expressed in Thousand New Taiwan Dollars)

Equity attributable to the parent

	Additional paid-in capital					Retained earnings			Other components of equity			Total Equity
	Common Stock	Premiums	Recognize changes in subsidiaries' ownership	Share of changes in equities of associates and joint venture	Employee stock options	Legal reserve	Special reserve	Unappropriated earnings (Accumulated losses)	Exchange differences arising on translation of foreign operations	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		
Balance as of January 1, 2022	\$ 1,809,437	\$ 1,102	\$ 39	\$ 13,262	\$ 4,592	\$ 306,123	\$ -	\$ (211,348)	\$ (52,925)	\$ (35,860)	\$ 1,834,422	
Deficit compensated through legal reserve	-	-	-	-	-	(211,348)	-	211,348	-	-	-	
Adjustments to share of changes in equities of associates and joint venture	-	-	-	2,149	-	-	-	-	-	-	2,149	
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	167,891	-	-	167,891	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	5,057	52,807	(1,215)	56,649	
Total comprehensive income (loss)	-	-	-	-	-	-	-	172,948	52,807	(1,215)	224,540	
Balance as of December 31, 2022	1,809,437	1,102	39	15,411	4,592	94,775	-	172,948	(118)	(37,075)	2,061,111	
Appropriations of 2022 earnings	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	17,295	-	(17,295)	-	-	-	
Special reserve	-	-	-	-	-	-	37,193	(37,193)	-	-	-	
Cash dividends to shareholders	-	-	-	-	-	-	-	(117,613)	-	-	117,613	
Adjustments to share of changes in equities of associates and joint venture	-	-	-	52,779	-	-	-	-	-	-	52,779	
Net income for the year ended December 31, 2023	-	-	-	-	-	-	-	59,026	-	-	59,026	
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	1,138	(9,004)	306	(7,560)	
Total comprehensive income (loss)	-	-	-	-	-	-	-	60,164	(9,004)	306	51,466	
Balance as of December 31, 2023	\$ 1,809,437	\$ 1,102	\$ 39	\$ 68,190	\$ 4,592	\$ 112,070	\$ 37,193	\$ 61,011	\$ (9,122)	\$ (36,769)	\$ 2,047,743	

The accompanying notes are integral part of parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Princeton Technology Corp.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 & 2022

(Expressed in Thousand New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Net income before tax	\$ 57,727	\$ 170,336
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	27,588	23,628
Net gain of financial assets at fair value through profit or loss	(403)	(825)
Finance costs	18	10
Interest income	(2,085)	(1,554)
Share of profits of associates and joint ventures	25,829	(17,833)
Unrealized profit from sales	2,498	258
Realized profit from sales	(258)	(725)
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Mandatorily classified FVTPL	30,412	825
Notes receivable	72	11,933
Accounts receivable	64,583	(90,763)
Accounts receivable- related parties	(9,097)	14,515
Other receivables	5,114	(4,908)
Inventories	134,808	(327,700)
Prepayments	3,616	(3,877)
Other financial asset	34	(12)
Increase (decrease) in :		
Contract liability	1,337	(1,906)
Accounts payable	(71,445)	5,915
Accounts payable- related parties	(2,491)	(1,566)
Other payables	(22,830)	37,072
Other current liabilities	65	(82)
Net defined benefit liabilities	(1,868)	(1,824)
Cash provided by (used in) operations	243,224	(189,083)
Interest received	2,607	1,100
Interest paid	(18)	(10)
Dividend paid	(117,613)	-
Income tax (paid) received	(153)	161
Net cash provided by (used in) operating activities	128,047	(187,832)

(Continued)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Proceeds from Financial assets at amortized cost	45,990	23,954
Acquisition of investments accounted for under the equity method	(46,564)	-
Acquisition of property, plant and equipment	(29,778)	(30,227)
Increase in other noncurrent assets	-	(24,152)
Decrease in other noncurrent assets	77,544	-
Dividend received	-	8,846
Net cash provided by (used in) investing activities	<u>47,192</u>	<u>(21,579)</u>
Cash flows from financing activities		
Increase in guarantee deposits received	-	46,264
Decrease in guarantee deposits received	(71,676)	-
Repayment of the principal portion of lease liabilities	-	(1,450)
Net cash (used in) provided by financing activities	<u>(71,676)</u>	<u>44,814</u>
Net increase (decrease) in cash and cash equivalents	103,563	(164,597)
Cash and cash equivalents at beginning of period	<u>28,448</u>	<u>193,045</u>
Cash and cash equivalents at end of period	<u>\$ 132,011</u>	<u>\$ 28,448</u>

(Concluded)

The accompanying notes are integral part of parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese
Princeton Technology Corp. and Subsidiaries
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2023 & 2022
(Expressed in Thousand New Taiwan Dollars, unless otherwise specified)

1. Company establishment

Princeton Technology Corp. (PTC) was established in May 1986. It specializes in the development, design, testing and sales of high quality, high value-added consumer integrated circuits (ICs). PTC's common shares were publicly listed on the Gre Tai Securities Market (GTSM) in December, 2001.

2. Date and procedures of authorization of financial statements for issue

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on February 29, 2024.

3. Newly issued or revised standards and interpretations

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

New standards, interpretations and amendments as endorsed by FSC effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 "The disclosure of accounting policies"	January 1, 2023(Note1)
Amendments to IAS 8 "Clarify the definition of accounting estimates"	January 1, 2023(Note2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023(Note3)
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	Note4

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Note 4: As a temporary exception under IAS 12, the Company shall not recognize deferred income tax assets and liabilities related to Pillar Two income tax, nor shall it disclose their related information. However, the Company shall disclose in its financial report that it has already applied this exception. The Company shall apply this part of the amendment retrospectively in accordance with IAS 8 since its issuance date (i.e. May 23, 2023). The Company shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting dates ending before or on December 31, 2023.

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company accounting policies.

b. Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024(Note1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024(Note2)

Note1: The seller-lessee shall apply the amendments retroactively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note 2: This amendment provides certain transitional reliefs. When initially applying the amendment, Group are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

As of the date the accompanying parent company only financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 12 “International Tax Reform — Pillar Two model rules Template”	January 1, 2025

As of the date the accompanying parent company only financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of significant accounting policies

Significant accounting policies are summarized as follows:

Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, as explained in the accounting policies below.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the parent company only financial statements, there are no differences of the accounting treatment between the parent company only basis and the consolidated basis.

Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation or a partial disposal of a subsidiary that includes a foreign operation that result in a loss of significant influence or joint control, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

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

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash or cash equivalent, sold or consumed within 12 months from the end of the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting period.

Current liabilities are obligations incurred for trading purposes, obligations expected to be settled within 12 months from the end of the reporting periods and obligations for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period the end of the reporting period.

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

Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months).

Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss /and include the original recognition amount of financial assets and financial liabilities.

Financial Assets

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

a. Classification and subsequent measurement

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets as amortized, and investments in debt and equity instruments at FVTOCI. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL, when the financial assets are mandatorily classified or are designated as at FVTPL.

Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

(b) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(c) Financial assets at amortized cost

Financial assets that meet the following 2 conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

b. Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable), investments in debt instrument that are measured at FVTOCI as well as contract assets.

The Company always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable, contract assets and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassifying to profit or loss.

Equity instruments and Financial Liabilities

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

a. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

If the Company reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

b. Financial liabilities

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

c. **Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Inventories

Inventories consist of raw materials, work in process, finished goods and merchandise. Inventories are stated at actual purchase costs and the weight-average method is applied in computing the cost of inventories.

Inventories are valued at the lower of cost or net realizable value item by item. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries and associates.

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company continues recognizing its share of further losses.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The operating results and assets and liabilities of associates are incorporated in these parent company only financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the parent company only statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognized the changes in the share of equity of associates.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), 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 that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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 is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent that interests in the associate are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a

lease term or a change in the amounts expected to be payable under a residual value guarantee, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

b. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

Intangible Assets

(a) Intangible assets acquired separately

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

(b) Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria mentioned above.

The subsequent measurement of such intangible asset is stated at cost less any accumulated amortization and accumulated impairment losses.

(c) Derecognition of intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that

the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Borrowing costs

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

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

Retirement Benefits

Short-term employee benefits

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

Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Other long-term employee benefits

Employees' and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Revenue Recognition

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

The Company transfer a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Company do not adjust the promised amount of consideration for any effect of a significant financing component.

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company are consumer integrated circuits (ICS) and revenue is recognized based on the consideration stated in the contract.

The Company does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

The Company guarantee that merchandise could work smoothly as expected and such transactions are recognized in accordance with IAS37.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract. However, for some contracts, part of the consideration was received from customers before transferring the goods, then the Company has the obligation to transfer the goods subsequently and it should be recognized as contract liabilities.

Rendering of services

The Company provides IC design services. Revenues are recognized based on the stage of completion of the contracts.

The contractual considerations of the Company are received in accordance with the payment schedule set by the contracts. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Taxation

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

Current tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Income tax on unappropriated earnings is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Current and deferred tax for the year

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

5. Critical accounting judgments and key sources of estimation and uncertainty

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

The Company consider the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

The main sources of significant accounting judgments, estimates and assumptions are as follows:

Impairment of tangible and intangible assets other than goodwill

The Company measures the useful life of individual assets and the probable future economic benefits in a specific asset group, which depends on subjective judgment, asset characteristics

and industry, during the impairment testing process. Any change in accounting estimates due to economic circumstances and business strategies might cause material impairment in the future.

Allowance for inventory valuation and obsolescence losses

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a significant effect on the estimation of net realizable value.

Fair value measurements and valuation processes

If some of the Company’s assets and liabilities measured at fair value have no quoted prices in active markets, the Company determine the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers based on managements’ judgement and related regulations.

Where Level 1 inputs are not available, the Company would determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

For information about the valuation techniques and inputs used in determining the fair value of various investments. Refer to Note 34.

6.Cash and cash equivalents

	<u>December 31,2023</u>	<u>December 31,2021</u>
Cash on hand	\$ 327	\$ 302
Checking and savings accounts	129,616	28,146
Time deposits	2,068	—
	<u>\$ 132,011</u>	<u>\$ 28,448</u>

As of December 31, 2023 and 2022, the pledged certificates of bank deposits have been reclassified to other financial assets. Refer to Note 29.

7.Financial assets at FVTPL

a.The details of financial assets at FVTPL are as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Financial assets at FVTPL - current</u>		
Mandatorily classified financial assets as at FVTPL		
Wealth management products	<u>\$ —</u>	<u>\$ 30,009</u>

b.The above financial assets at FVTPL were all not pledged.

8. Financial assets at FVTOCI

a.The details of financial assets at FVTOCI are as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Financial assets at FVTOCI, non-current</u>		
Investment in equity instruments		
Non-publicly traded stocks	<u>\$ 4,350</u>	<u>\$ 4,575</u>

b. These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

c. The above financial assets at FVTOCI were all not pledged.

9. Financial assets at amortized cost, current

a. The details of Financial assets at amortized cost, current are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturity of more than 3 months	\$ —	\$ 45,990
Interest rate	—	2.45%

b. The above financial assets at amortized cost, current were all not pledged.

10. Notes and accounts receivable, net and other receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Notes receivable-operating activities	\$ —	\$ 72
Notes receivable-non operating activities	—	—
Less: allowance for doubtful accounts	—	—
	<u>\$ —</u>	<u>\$ 72</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 211,947	\$ 267,433
Less: allowance for doubtful accounts	(2,059)	(2,059)
	<u>\$ 209,888</u>	<u>\$ 265,374</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 4,765	\$ 10,401
Less: allowance for doubtful accounts	—	—
	<u>\$ 4,765</u>	<u>\$ 10,401</u>

a. The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for all trade receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator. The Company estimates expected credit losses based on the number of days for which receivables are past due. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status is not further distinguished according to the Company's different customer base.

b. The following table details the loss allowance of accounts receivable and other receivables.

	December 31, 2023					
	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 214,653	\$ —	\$ —	\$ —	\$ 2,059	\$ 216,712
Estimates expected credit loss rate	0%	0%	0%	0%	100%	
Loss allowance (Lifetime ECL)	—	—	—	—	(2,059)	(2,059)
Amortized cost	<u>\$ 214,653</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 214,653</u>

	December 31, 2022					
	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 275,775	\$ —	\$ —	\$ —	\$ 2,059	\$ 277,834
Estimates expected credit loss rate	0%	0%	0%	0%	100%	
Loss allowance (Lifetime ECL)	—	—	—	—	(2,059)	(2,059)
Amortized cost	<u>\$ 275,775</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 275,775</u>

The movements of the allowance for doubtful accounts and other receivables

	December 31, 2023	December 31, 2022
Balance, beginning of year	\$ 2,059	\$ 2,059
Effect of exchange rate changes	—	—
Balance, end of year	<u>\$ 2,059</u>	<u>\$ 2,059</u>

c. The above notes and accounts receivable, net and other receivables were all not pledged.

11. Inventories, net

	December 31, 2023	December 31, 2022
Merchandises	\$ 3,465	\$ 4,125
Finished goods	44,803	155,560
Work in progress	175,610	233,287
Raw materials	117,836	83,550
	<u>\$ 341,714</u>	<u>\$ 476,522</u>

a. The cost of goods sold of the Company consisted of the following:

	2023	2022
Selling cost of inventories	\$ 773,540	\$ 1,009,898
Loss on decline in value of inventory	10,800	14,508
Others	(166)	(363)
	<u>\$ 784,174</u>	<u>\$ 1,024,043</u>

b. The above inventories, net were all not pledged.

12. Investments accounted for under the equity method

	December 31, 2023	December 31, 2022
Investment in subsidiaries	\$ 1,124,658	\$ 1,077,713
Investments in associates	20,261	6,645
	<u>\$ 1,144,919</u>	<u>\$ 1,084,358</u>

a. Investment in subsidiaries

Name of Subsidiaries	December 31, 2023		December 31, 2022	
	Carrying value	%	Carrying value	%
Princeton Silicon Ltd.	\$ 921,880	100.00%	\$ 913,942	100.00%
Princeton Capital Corp.	202,778	100.00%	163,771	100.00%
	<u>\$ 1,124,658</u>		<u>\$ 1,077,713</u>	

Refer to the consolidated financial statements as of December 31, 2023, for the details of the subsidiaries of the Company.

b. Investments in associates

Name of Associate	December 31, 2023		December 31, 2022	
	Carrying value	%	Carrying value	%
Foresight Energy Technology Co., Ltd.	\$ 17,362	2.59%	\$ —	5.38%
Morelink Technology Corporation	2,899	7.87%	6,645	7.93%
Microlink Communications Inc.	—	25.00%	—	25.00%
	<u>\$ 20,261</u>		<u>\$ 6,645</u>	

(a) As of December 31, 2023, the Company's equity in Foresight Energy Technology Co., Ltd. and Morelink Technology Corporation were 8.80% and 7.87%, respectively. The Company held less than 20% of Foresight Energy Technology Co., Ltd. and Morelink Technology Corporation's stock with voting rights, but has significant influence over this investee and accounted for the investment by equity method.

(b) The stockholders' equity of Foresight Energy Technology Co., Ltd. and Microlink Communications Inc. had become negative, and the Company didn't intend to continue its support for the investee company. The Company recognized investment loss that make the carrying amount of long-term investment equal to zero.

Unrecognized investment loss of Foresight Energy Technology Co., Ltd. and Microlink Communications Inc. were summarized as follows:

	2023	2022
Unrecognized investment loss:		
Current year amount	\$ 184	\$ 4,421
Accumulatd amount	\$ 26,128	\$ 28,940

(c) Financial information of the Company's associates was summarized as follows:

	December 31, 2023	December 31, 2022
Total assets	\$ 935,090	\$ 262,209
Total liabilities	\$ 331,651	\$ 303,418
	2023	2022
Net revenue	\$ 190,489	\$ 140,374
Net loss	\$ (92,667)	\$ (78,781)
The Company's share of other comprehensive income of associates	\$ (484)	\$ —

(d) The investment gain (loss) for the years ended December 31, 2023 and 2022 were based on the investees' financial statements audited by the auditors for the same years.

c. All the investments accounted for under equity method were not pledged.

13. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Furniture</u>	<u>Other equipment</u>	<u>Subtotal</u>
Cost :							
January 1,2023	\$ 133,228	\$ 108,374	\$ 1,891	\$ 3,805	\$ 2,469	\$ 24,275	\$ 274,042
Addition	—	11,087	—	—	1,148	23,201	35,436
Disposals	—	—	(311)	—	(101)	(19,392)	(19,804)
December 31,2023	<u>\$ 133,228</u>	<u>\$ 119,461</u>	<u>\$ 1,580</u>	<u>\$ 3,805</u>	<u>\$ 3,516</u>	<u>\$ 28,084</u>	<u>\$ 289,674</u>
January 1,2022	\$ 133,228	\$ 108,374	\$ 2,181	\$ 3,805	\$ 728	\$ 19,899	\$ 268,215
Addition	—	—	—	—	1,932	22,637	24,559
Disposals	—	—	(290)	—	(191)	(18,261)	(18,742)
December 31,2022	<u>\$ 133,228</u>	<u>\$ 108,374</u>	<u>\$ 1,891</u>	<u>\$ 3,805</u>	<u>\$ 2,469</u>	<u>\$ 24,275</u>	<u>\$ 274,042</u>
Accumulated depreciation :							
January 1,2023	\$ 6,201	\$ 54,558	\$ 1,371	\$ 3,435	\$ 382	\$ 10,036	\$ 75,983
Addition	—	3,430	329	317	835	22,677	27,588
Disposals	—	—	(311)	—	(101)	(19,392)	(19,804)
December 31,2023	<u>\$ 6,201</u>	<u>\$ 57,988</u>	<u>\$ 1,389</u>	<u>\$ 3,752</u>	<u>\$ 1,116</u>	<u>\$ 13,321</u>	<u>\$ 83,767</u>
January 1,2022	\$ 6,201	\$ 51,895	\$ 1,161	\$ 3,065	\$ 292	\$ 9,911	\$ 72,525
Addition	—	2,663	500	370	281	18,386	22,200
Disposals	—	—	(290)	—	(191)	(18,261)	(18,742)
December 31,2022	<u>\$ 6,201</u>	<u>\$ 54,558</u>	<u>\$ 1,371</u>	<u>\$ 3,435</u>	<u>\$ 382</u>	<u>\$ 10,036</u>	<u>\$ 75,983</u>

a. Depreciation is computed by the average method over these estimated service live plus one year to reflect estimated salvage value :

Buildings	10~55 years
Machinery and equipment	3 years
Transportation equipment	5 years
Furniture	3 years
Other equipment	1~3 years

b. All the property, plant and equipment were pledged . Refer to Notes 28 and 29.

14. Lease arrangements

a. Right-of-use assets

	<u>December 31,2022</u>
<u>Carrying amounts</u>	
Buildings	\$ —
<u>Buildings</u>	
Cost :	
January 1, 2022	\$ 5,713
Addition	—
Disposals and reclassification	(5,713)
December 31, 2022	<u>\$ —</u>
January 1, 2022	\$ 4,285
Addition	1,428
Disposals	(5,713)
December 31, 2022	<u>\$ —</u>

b. Material lease-in activities and terms

The Company leases certain leasehold land and buildings for the use of office with lease terms of 3 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

c. Other lease information

	<u>December 31,2023</u>	<u>December 31,2022</u>
Expenses relating to low-value asset leases	\$ 1,578	\$ 2,755
Total cash outflow for leases	\$ (1,578)	\$ (4,205)

The Company applies the recognition exemption to leases of equipment and others qualifying as short-term leases and low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

15. Other noncurrent assets

	<u>December 31,2023</u>	<u>December 31,2022</u>
Capacity guarantee	\$ 167,316	\$ 244,392
Rental deposit	155	623
Balance prepaid-machinery and equipment	—	5,658
Others	1,443	1,443
	<u>\$ 168,914</u>	<u>\$ 252,116</u>

In order to ensure steady capacity, the Company entered into some capacity reservation contracts with suppliers and paid for the purchases over the long-term prepayments in order to ensure fulfillment to the contract. The long-term prepayment will be refunded when terms and conditions set forth in the contract have been satisfied.

16. Short-term loans

a. There were no short-term liabilities as of December 31, 2023 and 2022.

b. Unused credit line as of December 31, 2023 and 2022, were both amounted to NT\$120,000 thousand.

17. Other payables

	<u>December 31,2023</u>	<u>December 31,2022</u>
Salaries and wages payable	\$ 41,754	\$ 40,937
Employees' compensation and remuneration of directors payable	11,407	33,659
Service payable	3,270	3,401
Others	9,565	10,829
	<u>\$ 65,996</u>	<u>\$ 88,826</u>

18. Retirement benefit plans

a. Defined contribution plans

The pension mechanism under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Pursuant to the aforementioned Act and local regulations, the Company recognized expenses of NT\$9,212

thousand and NT\$9,181 thousand in the parent company only statements of comprehensive income for the years ended December 31, 2023 and 2022, respectively. The net pension cost under the Labor Pension Act amounted to NT\$1,788 thousand and NT\$1,765 thousand were not paid as of December 31, 2023 and 2022, respectively.

b. Defined benefit plans

The Company have defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The amounts arising from the defined benefit obligation of the Company in the parent company only balance sheets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 72,329	\$ 72,267
Fair value of plan assets	<u>(60,063)</u>	<u>(56,711)</u>
Net defined benefit liability	<u>\$ 12,226</u>	<u>\$ 15,556</u>

Movements in the present value of the defined benefit obligation were as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2023	\$ 72,267	\$ (56,711)	\$ 15,556
Service cost			
Current service cost	94	—	94
Interest expense (income)	<u>881</u>	<u>(700)</u>	<u>181</u>
Recognized in profit or loss	<u>975</u>	<u>(700)</u>	<u>275</u>
Remeasurement			
Return on plan assets	—	(509)	(509)
Actuarial (gain) loss			
Changes in demographic assumptions	1	—	1
Changes in financial assumptions	269	—	269
Experience adjustments	<u>(1,183)</u>	<u>—</u>	<u>(1,183)</u>
Recognized in other comprehensive income	<u>(913)</u>	<u>(509)</u>	<u>(1,422)</u>
Contributions by plan participants	<u>—</u>	<u>(2,143)</u>	<u>(2,143)</u>
December 31, 2023	<u>\$ 72,329</u>	<u>\$ (60,063)</u>	<u>\$ 12,266</u>

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2022	\$ 74,078	\$ (50,377)	\$ 23,701
Service cost			
Current service cost	156	—	156
Interest expense (income)	500	(342)	158
Recognized in profit or loss	656	(342)	314
Remeasurement			
Return on plan assets	—	(3,854)	(3,854)
Actuarial (gain) loss			
Changes in demographic assumptions	(8)	—	(8)
Changes in financial assumptions	(3,343)	—	(3,343)
Experience adjustments	884	—	884
Recognized in other comprehensive income	(2,467)	(3,854)	(6,321)
Contributions by plan participants	—	(2,138)	(2,138)
December 31, 2022	<u>\$ 72,267</u>	<u>\$ (56,711)</u>	<u>\$ 15,556</u>

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	2023	2022
Cost of goods sold	\$ 11	\$ 13
Marketing expenses	23	26
General and administrative expenses	96	110
Research and development expenses	145	165
	<u>\$ 275</u>	<u>\$ 314</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- (a) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- (b) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- (c) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2023	December 31, 2022
Discount rate	1.20%	1.25%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	7 years.	8 years.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	Measurement Date	
	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	\$ (1,332)	\$ (1,446)
0.25% decrease	\$ 1,371	\$ 1,491
Expected rate(s) of salary increase		
0.25% increase	\$ 1,356	\$ 1,476
0.25% decrease	\$ (1,325)	\$ (1,439)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the parent company only balance sheets.

The Company expects to make contributions of NT\$2,095 thousand to the defined benefit plans in the next year starting from December 31, 2023.

19. Guarantee deposits

	December 31, 2023	December 31, 2022
Capacity guarantee	\$ 30,448	\$ 102,124

Capacity guarantee deposit mainly consisted of cash received under deposit agreements with customers to ensure they have access to the Company's specified capacity. Guarantee deposits will be refunded to customers when terms and conditions set forth in the deposit agreements have been satisfied.

20. Equity

a. Capital

	December 31, 2023	December 31, 2022
Authorized shares (thousand shares)	230,000	230,000
Authorized	\$ 2,300,000	\$ 2,300,000
Issued and paid capital shares (thousand shares)	180,943.7	180,943.7
Issued	\$ 1,809,437	\$ 1,809,437

As of December 31, 2022 and 2021, the authorized capital shares are 230,000 thousand shares, with par value of \$10 per share entitled the right to vote and to receive dividends.

b. Capital surplus

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)</u>		
Premiums	\$ 1,102	\$ 1,102
<u>May be used to offset a deficit only (b)</u>		
Recognize changes in subsidiaries' ownership	39	39
Share of changes in equities of associates and joint venture	68,190	15,411
<u>May not be used for any purpose</u>		
Employee stock options	4,592	4,592
	<u>\$ 73,923</u>	<u>\$ 21,144</u>

(a)Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

(b)Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

According to the retained earnings distribution policy in the Incorporation of the Company, if the Company has earning upon settlement for a fiscal year, after taxes are paid by law and accumulated deficits are set off, ten percent shall be appropriated as legal earning reserves; however, if the amount of the legal earning reserves has attained the amount of paid-in capital of the Company, no further appropriation shall be made. The remainder shall be appropriated or reversed as special earning reserves. If there still has balance, considering together with accumulated undistributed earnings, the Board of Directors shall prepare the proposal for earning distribution, which shall be submitted to the stockholders' meeting for a resolution of distribution of dividends and bonuses to stockholders.

According the amended Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of stockholders; provided. However, the amount of proposed earning distribution of current year may not be less than 50% of accumulated distributable earnings. In distributing dividends and bonuses to stockholders, the distribution may be made by stocks or cash, of which cash dividends may not be less than 50% of total amount of dividends.

The Company no longer has supervisors since June 13, 2008. The required duties of supervisors are being fulfilled by the Audit Committee.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders'

equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain/loss from available-for-sale financial assets, gain/loss from changes in fair value of hedging instruments in cash flow hedges, etc. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2023 had been proposed by the Board of Directors on February 29, 2024. The Company's appropriation of earnings for 2022 was approved in the shareholders' meeting held on June 16, 2023. The appropriations and cash dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 6,016	\$ 17,295		
Special reserve	8,698	37,193		
Cash dividend to shareholders	45,236	117,613	\$ 0.25	\$ 0.65
	<u>\$ 59,950</u>	<u>\$ 172,101</u>		

The appropriations of earnings for 2023 are to be resolved in the Company's shareholders' meeting to be held on June 18, 2024 (expected).

Information about the bonus to employees and remuneration to directors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

d. Others

(a) Foreign Currency Translation Reserve

	2023	2022
Balance, beginning of year	\$ (118)	\$ (52,925)
Foreign currency translation reserve	(11,202)	63,408
Share of other comprehensive loss of subsidiaries and associates	(42)	—
Income tax effect	2,240	(10,601)
Balance, end of year	<u>\$ (9,122)</u>	<u>\$ (118)</u>

The exchange differences arising from the translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. When those foreign operation's net assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

(b) Changes in Unrealized gain (loss) on financial assets at FVTOCI

	2023	2022
Balance, beginning of year	\$ (37,075)	\$ (35,860)
Changes in unrealized (loss) gain on financial assets at FVTOCI	(225)	(855)
Share of other comprehensive (loss) gain of subsidiaries and associates	531	(360)
Balance, end of year	<u>\$ (36,769)</u>	<u>\$ (37,075)</u>

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

21.Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Net revenue from sale of goods	\$ 1,208,127	\$ 1,492,557
Net revenue from rendering of services	<u>6,041</u>	<u>4,028</u>
Balance, end of year	<u>\$ 1,214,168</u>	<u>\$ 1,496,585</u>

Relevant information of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

a.Disaggregation of revenue

The revenue of the Company could be breakdown by major products and geographical locations, the related information was refer to Note 37. The disaggregation of revenue recognition point is as follows:

	<u>2023</u>	<u>2022</u>
Revenue recognition point:		
At a point in time	\$ 1,208,127	\$ 1,492,557
Satisfies the performance obligation over time	<u>6,041</u>	<u>4,028</u>
	<u>\$ 1,214,168</u>	<u>\$ 1,496,585</u>

b.Contract balances

	<u>2023</u>	<u>2022</u>
Contract liabilities - current		
Sales of goods	<u>\$ 2,538</u>	<u>\$ 1,201</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized revenue from the beginning balance of contract liability, which amounted to NT\$1,050 thousand and NT\$2,955 thousand for the years ended December 31, 2023 and 2022, respectively.

c.Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all lower than one year.

d.Assets recognized from costs to fulfil a contact: None.

22.Additional information of expenses by nature

As of December 31, 2023 and 2022, the Company's employees numbered 190 and 187, respectively. There were 7 and 6 non-employee directors.

The Company's net income includes the following items:

	2023			2022		
	As cost of goods sold	As operating expenses	Total	As cost of goods sold	As operating expenses	Total
Employment expenses						
Salaries	\$ 4,534	\$ 181,288	\$ 185,822	\$ 6,442	\$ 209,671	\$ 216,113
Insurance	685	16,362	17,047	649	15,595	16,244
Pension						
Defined contribution plans	271	8,941	9,212	286	8,895	9,181
Defined benefit plans	11	264	275	13	301	314
Remuneration of directors	—	1,297	1,297	—	3,580	3,580
Others	364	5,838	6,202	384	5,948	6,332
	<u>\$ 5,865</u>	<u>\$ 213,990</u>	<u>\$ 219,855</u>	<u>\$ 7,774</u>	<u>\$ 243,990</u>	<u>\$ 251,764</u>
Depreciation expenses	<u>\$ 830</u>	<u>\$ 26,758</u>	<u>\$ 27,588</u>	<u>\$ 836</u>	<u>\$ 22,792</u>	<u>\$ 23,628</u>

In accordance with to the R.O.C. Company Act and the articles of incorporation of the Company, the Company shall allocate 5%~20% of profit as employees' profit sharing bonus and no more 1.5% of profit as directors' compensation for each profitable fiscal year. However, the Company's accumulated losses shall be reserved. The employees' profit sharing bonus under the preceding paragraph will be entitled to receive shares or cash. The employees of the PTC's subsidiaries who fulfill specific requirements finalized by the Board of Directors may be granted such bonus. The appropriations of profit sharing bonus to employees and compensation to directors shall be submitted to the stockholders' meeting.

The Company's profit sharing bonus to employees and compensation to directors for 2023 and 2022 were accrued at NT\$ 11,407 thousand and NT\$ 33,659 thousand, respectively.

The differences of the amounts between the resolved and accrual amounts of the profit sharing bonus to employees and the compensation to directors resulted from changing the base of the estimate and had been adjusted in profit and loss for the next year.

The amount of remuneration distribution to employees and directors approved by the Company's board of directors on March 1, 2023 was different from the amount recognized in the annual parent company only financial report, and the difference had been adjusted to the profit and loss for 2023.

Information about the profit sharing bonus to employees and compensation to directors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

23. Other income

	2023	2022
Interest income		
Bank deposits	\$ 2,084	\$ 1,549
Others	1	5
	<u>\$ 2,085</u>	<u>\$ 1,554</u>

24. Other gains and losses

	2023	2022
Other gains:		
Net gain on financial instruments at FVTPL	\$ 403	\$ 825
Net exchange gain	566	42,415
Others	6,946	3,041
	<u>7,915</u>	<u>46,281</u>
Other losses:		
Others	(589)	(138)

	(589)	(138)
	\$ 7,326	\$ 46,143

25. Income tax

a. Income tax (benefit) expense consisted of the following

(a) Income tax (benefit) expense recognized in profit or loss:

	2023	2022
Current income tax expense		
Current tax expense recognized for the current period	\$ 42	\$ —
	42	—
Deferred income tax expense		
Temporary differences	(1,341)	2,445
	(1,341)	2,445
Income tax expense recorded in profit or loss	\$ (1,299)	\$ 2,445

(b) Income tax (benefit) expense recognized in other comprehensive income:

	2023	2022
Deferred income tax (benefit) expense		
Foreign currency translation reserve	\$ (2,240)	\$ 10,601
Remeasurement of defined benefit plan	284	1,264
	\$ (1,956)	\$ 11,865

b. The differences between the expected income tax based on the pre-tax income at the statutory income tax rate and the actual income tax (benefit) expenses reported in the accompanying statements of income are summarized as follows:

	2023	2022
Expected income tax expenses calculated using the statutory tax rate	\$ 11,545	\$ 34,068
Additional income tax on the unappropriated earnings	42	—
Permanent differences	126	210
Tax loss carry forward	(19,896)	(28,656)
Loss recognized by equity method	5,166	(3,556)
Loss on decline in value of inventory	1,718	389
Income tax (benefit) expenses recorded in profit or loss	\$ (1,299)	\$ 2,445

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax receivable	\$ 483	\$ 372

d. The analysis of deferred income tax in the parent company only balance sheets was as follows:

Year Ended December 31, 2023	Balance, Beginning of Year	Recognized in		Balance, End of Year
		Profit or Loss	Other Comprehensive Income	
Deferred income tax assets				
Loss on decline value of inventory	\$ 6,547	\$ (472)	\$ —	\$ 6,075
Unrealized intercompany profits	52	448	—	500
Others	—	197	—	197
	<u>\$ 6,599</u>	<u>\$ 173</u>	<u>\$ —</u>	<u>\$ 6,725</u>
Deferred income tax liabilities				
Unrealized foreign exchange gain	\$ 2,055	\$ (1,168)	\$ —	\$ 887
Foreign currency translation reserve	4,335	—	(2,240)	2,095
Actuarial gains and losses on defined benefit plan	1,336	—	284	1,620
	<u>\$ 7,726</u>	<u>\$ (1,168)</u>	<u>\$ (1,956)</u>	<u>\$ 4,602</u>
Year Ended December 31, 2022	Balance, Beginning of Year	Recognized in		Balance, End of Year
		Profit or Loss	Other Comprehensive Income	
Deferred income tax assets				
Loss on decline value of inventory	\$ 6,112	\$ 435	\$ —	\$ 6,547
Unrealized intercompany profits	145	(93)	—	52
Unrealized foreign exchange loss	731	(731)	—	—
Foreign currency translation reserve	6,266	—	(6,266)	—
Others	1	(1)	—	—
	<u>\$ 13,255</u>	<u>\$ (390)</u>	<u>\$ (6,266)</u>	<u>\$ 6,599</u>
Deferred income tax liabilities				
Unrealized foreign exchange gain	\$ —	\$ 2,055	\$ —	\$ 2,055
Foreign currency translation reserve	—	—	4,335	4,335
Actuarial gains and losses on defined benefit plan	72	—	1,264	1,336
	<u>\$ 72</u>	<u>\$ 2,055</u>	<u>\$ 5,599</u>	<u>\$ 7,726</u>

e. Investment tax credits, tax loss carry forward and ten-year exemption from tax on income from sales:

There were no unused investment tax credits available as of December 31, 2023.

Tax loss carry forward were as follows:

	Unused tax loss carry forward	Expiration date
PTC	<u>\$ 34,697</u>	December 31, 2031

f. Income tax examination

The tax authorities have examined income tax returns of PTC through 2021.

26. Earning per shares

	<u>2023</u>	<u>2022</u>
<u>Earning per shares</u>		
Basic EPS	\$ 0.33	\$ 0.93
Diluted EPS	\$ 0.33	\$ 0.92
<u>Net income</u>		
Net income used to compute the basic and diluted EPS	\$ 59,026	\$ 167,891
<u>The number of common stocks(in thousands)</u>		
Weighted average number of common shares outstanding used in the computation of basic EPS	180,944	180,944
Effect of dilutive potential common shares:		
Compensation of employees	336	1,033
Weighted average number of common shares used in the computation of diluted EPS	\$ 181,280	\$ 181,977

27. Cash flow information

a. Non-cash transactions:

	<u>2023</u>	<u>2022</u>
Additions of property, plant and equipment	\$ 35,436	\$ 24,569
Changes in prepaid to contractors and equipment suppliers	(5,658)	5,658
Payments for acquisition of property, plant and equipment	\$ 29,778	\$ 30,227

b. Reconciliation of liabilities arising from financing activities:

<u>Year Ended December 31, 2023</u>	<u>Balance, Beginning of Year</u>	<u>Financing Cash Flow</u>	<u>Non-cash changes</u>		<u>Balance, End of Year</u>
			<u>Other Changes</u>		
Guarantee deposits	\$ 102,124	\$ (71,676)	\$ —	\$ 30,448	

<u>Year Ended December 31, 2022</u>	<u>Balance, Beginning of Year</u>	<u>Financing Cash Flow</u>	<u>Non-cash changes</u>		<u>Balance, End of Year</u>
			<u>Other Changes</u>		
Lease liabilities	\$ 1,450	\$ (1,450)	\$ —	\$ —	
Guarantee deposits	55,860	46,264	—	102,124	
	\$ 57,310	\$ 44,817	\$ —	\$ 102,124	

28. Related-party transactions

The following is a summary of transactions between the Company and related parties:

a. Related party name and nature of relationship

<u>Related Parties</u>	<u>Relationship</u>
Princeton Silicon Ltd.	Subsidiaries
Princeton Technology (Chengdu) Corp.	Subsidiaries
Morelink Technology Corporation	Associates
Foresight Energy Technology Co., Ltd.	Associates
All directors, supervisors, general manager and deputy general manager	Main manager echelon of the Company

b. Sales

	2023	2022
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ 179,249	\$ 383,581
Associates	53	118
	<u>\$ 179,302</u>	<u>\$ 383,699</u>

The sales to the above related parties were dealt with in the ordinary course of business with the sales price made in the way similar to the sales to third-party customers. The collection period for the third-party customers was 60~90 days, while the terms for related parties, associates was 60 days.

c. Purchase

	2023	2022
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ 26,071	\$ 39,698

The terms of the foregoing transactions with related parties are similar to those for third parties.

d. Professional fee

	Account	2023	2022
Subsidiaries			
Princeton Technology (Chengdu) Corp.	Manufacturing expenses	\$ 3,150	\$ 11,159
Associates	Other revenue	\$ 743	\$ 531

e. Receivables

	December 31, 2023	December 31, 2022
Accounts receivable		
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ 48,607	\$ 39,510
Other receivables		
Associates	\$ 65	\$ 47
Accounts payable		
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ 1,659	\$ 4,150

f. Endorsements and guarantees

Since January 2017, the Company provided the Company's Land and Buildings of subsidiaries servers as collaterals for bank loan. The amounts of endorsements and guarantees (provided to each entity in the Group) was US\$6,000 thousand. This endorsement guarantee has been terminated in April 2023. Refer to Notes 13 and 29.

g. Others

The situation of the cash capital increase and investment increase of the involved parties of the Company is as follows :

	For the year ended							
	December 31, 2023				December 31, 2022			
	Increase investment		%		Increase investment		%	
	Shares	Carrying value	Before	After	Shares	Carrying value	Before	After
Princeton Silicon Ltd.	1,500	\$ 46,564	100.00%	100.00%	—	\$ —	—	—

h. Compensation of key management personnel

	2023		2022	
Short-term employee benefits	\$	14,968	\$	14,867
Retirement benefits		215		215
	\$	15,183	\$	15,082

The information about the Company's appropriation of remuneration to all directors, supervisors, general manager and deputy general manager is available on the shareholders' meeting annual report.

29. Assets mortgaged or pledged

As of December 31, 2023 and 2022, the following assets had been pledged or mortgaged as collateral:

	December 31, 2023		December 31, 2022	
Other financial assets-bank deposits	\$	2,031	\$	2,065
Land		—		116,748
Buildings		—		44,259
	\$	2,031	\$	163,072

30. Significant contingent liabilities and unrecognized commitments

1. Under certain agreement, the Company shall pay royalties at a percentage of net sales (as defined in the agreement) with respect to certain products.
2. In order to ensure steady capacity, the Company entered into some capacity reservation contracts with suppliers and paid for the purchases over the long-term prepayments in order to ensure fulfillment to the contract. The long-term prepayment will be refunded when terms and conditions set forth in the contract have been satisfied.

31. Significant loss: None.

32. Subsequent events: None.

33. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value.

The management reviews the capital structure of the Company quarterly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. According to the management's suggestion, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing treasury stock, proceeds from new debt or repayment of debt.

34. Disclosure of financial instruments

a. Fair values of financial instruments :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified financial assets as at FVTPL	\$ —	\$ 30,009
FVTOCI		
Equity instruments	4,350	4,575
Financial assets measured at amortized cost (Note 1)	<u>516,166</u>	<u>597,365</u>
	<u>\$ 520,516</u>	<u>\$ 631,949</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
(Note 2)	<u>\$ 159,812</u>	<u>\$ 328,254</u>

Note 1: Including cash and cash equivalents, contract assets, notes & accounts receivable-net, other receivables, refundable deposit and other financial assets.

Note 2: Including notes & accounts payable, other payables, long-term loans (including current portion), refundable deposits and other financial liabilities.

b. Fair value of financial instruments

(a) The Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Fair value of financial instruments carried at amortized cost

The Company considers that the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values.

(c) Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value:

	<u>December 31, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Non-publicly traded stocks	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,350</u>	<u>\$ 4,350</u>
<u>December 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Wealth management products	<u>\$ —</u>	<u>\$ 30,009</u>	<u>\$ —</u>	<u>\$ 30,009</u>
<u>Financial assets at FVTOCI</u>				
Non-publicly traded stocks	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,575</u>	<u>\$ 4,575</u>

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

(d) Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks and money market funds).

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair values of private funds are determined using the asset based approach. The Company assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Company assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.

(e)Reconciliation of Level 3 recurring fair value measurements of financial instruments:

	Financial Assets at FVTOCI
<u>For the year ended December 31, 2023</u>	
Balance, beginning of Year	\$ 4,575
Additional/ Disposals	—
Recognized in profit or loss	—
Recognized in other comprehensive income	(225)
Balance, end of Year	<u>\$ 4,350</u>
<u>For the year ended December 31, 2022</u>	
Balance, beginning of Year	\$ 5,430
Additional/ Disposals	—
Recognized in profit or loss	—
Recognized in other comprehensive income	(855)
Balance, end of Year	<u>\$ 4,575</u>

(f)Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement:

As of December 31, 2023:

Financial assets :

Financial assets at FVTOCI :

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of the inputs to fair value
Stock	Assets Approach	Lack of marketability and Price-Book ratio of similar entities	2.69-38.36	The higher the lack of marketability, the lower the fair value estimated	10% increase (decrease) in the Price-Book ratio of the equity instruments would result in an increase (decrease) in equity by NT\$435thousand

As of December 31, 2022:

Financial assets :

Financial assets at FVTOCI :

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of the inputs to fair value
Stock	Assets Approach	Lack of marketability and Price-Book ratio of similar entities	0.55-39.06	The higher the lack of marketability, the lower the fair value estimated	10% increase (decrease) in the Price-Book ratio of the equity instruments would result in an increase (decrease) in equity by NT\$457thousand

c. Financial risk management objectives

The Company seeks to ensure sufficient cost-efficient funding readily available when needed. The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Audit Committees and/or Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

(a) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries. Some assets and liabilities of the Company denominated in the same foreign currency and were expected to mostly offset gains or losses of changes in foreign exchange rate. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The carrying amounts of significant foreign currency denominated monetary assets and monetary liabilities are as follows:

	December 31, 2023		December 31, 2022	
	Foreign Currency (thousand)	Exchange Rate	Foreign Currency (thousand)	Exchange Rate
(Foreign currencies : functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : TWD	\$ 15,269	30.655	\$ 16,687	30.66
JPY : TWD	35,661	0.2152	7,953	0.2304
HKD : TWD	5	3.899	5	3.908
EUR : TWD	2	33.78	2	32.52
<u>Investments accounted for under the equity method</u>				
USD : TWD	\$ 28,697	30.655	\$ 29,878	30.66
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : TWD	\$ 2,394	30.755	\$ 6,467	30.76
JPY : TWD	1,232	0.2192	166	0.2344

The Company's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming depreciation / appreciation of 1% in the foreign exchanges against the New Taiwan dollar, the net income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$4,022 thousand and NT\$3,152 thousand, respectively.

(b)Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans at floating interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As of December 31, 2023 and 2022, the Company has no short-term liabilities calculated by floating rate.

(c)Other price risk

The Company were exposed to equity price risk through their investments in Financial assets at FVTPL.

The sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy. Please refer to Note 34.

e.Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

(a)Business related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions. The Company holds some of the credit enhancements such as prepayments and collateral to mitigate its credit risks.

As of December 31, 2023 and 2022, the Company's ten largest customers accounted for 96% of total trade receivables, respectively.

(b)Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits, fixed income investments and other financial instruments were evaluated and monitored by Corporate Treasury function. The Company only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

f.Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	December 31, 2023				
	Less Than 1 Year	2-3 Years	4 to 5 Years	5+ Years	Total
Non-derivative financial liabilities					
Accounts payable (including related parties)	\$ 63,368	—	—	—	\$ 63,368
Other payables	65,996	—	—	—	65,996
	<u>\$ 129,364</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 129,364</u>

	December 31, 2022				
	Less Than 1 Year	2-3 Years	4 to 5 Years	5+ Years	Total
Non-derivative financial liabilities					
Accounts payable (including related parties)	\$ 137,304	—	—	—	\$ 137,304
Other payables	88,826	—	—	—	88,826
	<u>\$ 226,130</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 226,130</u>

35.Reclassifications

Certain 2022 accounts have been reclassified to conform to the 2023 financial statement presentation.

36.Additional disclosures

Following are the additional disclosures:

- a.Financial provided : Table 1 (attached)
- b.Endorsement/guarantee provided : Table 2 (attached)
- c.Marketable securities held (excluding investments in subsidiaries and jointly controlled entities): Table 3 (attached)
- d.Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital : None
- e.Acquisition of individual real estates at costs of at least NT\$300 million or 20% of the paid-in capital : None
- f.Disposal of individual real estates at costs of at least NT\$300 million or 20% of the paid-in capital : None
- g.Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : Table 4 (attached)
- h.Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None
- i.Derivate financial transaction : None
- j.Names, locations and related information of investees on which the Company exercises significant influence : Table 5 (attached)
- k.Investment in Mainland China : Table 6 (attached)
- l.Information of major shareholder : Table 7 (attached)

37.Operating segments information

The Company has provided the operating segments disclosure in the consolidated financial statements.

Table 1
 Financial provided
 For the year ended December 31, 2023
 (Amounts in Thousands of New Taiwan Dollars and RMB Dollars, unless otherwise specified)

No	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 1)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 3)	Financing Company's Total Financing Amount Limits (Notes 4)
													Item	Value		
1	Princeton Technology (Shenzhen) Ltd..	Princeton Technology (Chengdu) Corp.	Other receivables from related parties	Yes	RMB30,000	RMB30,000	--	3.65% ~ 4.75%	Note 2	--	Operating capital	--	--	140,205	175,256	

Note1 : The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note2 : The need for short-term financing.

Note3 : The amount that can be financing limits for each borrowing company is 40% of the guarantor's net assets.

(NT\$ 350,512× 40% = NT\$140,205)

Note4 : The amount that can be financing company's total financing is 50% of the guarantor's net assets.

(NT\$ 350,512× 50% = NT\$175,256)

Table 2

Endorsement/guarantee provided

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and US Dollars, unless otherwise specified)

No	Endorser/ guarantor	Counter-party		Limits on endorsement/ guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Value of collaterals property, plant, or equipment	Ratio of accumulated amount of collateral to net equity as shown in the latest financial statement	Maximum collateral/ guarantee amounts allowable	The holding company to subsidiary	Subsidiary to holding company	Endorsement/ guarantee t in Mainland China
		Name	Nature of relationship with the endorser/guarant or										
0	Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	Equity-method investee of Princeton Silicon Inc.	921,484	USD 6,000	—	—	—	—	1,003,394	Y	—	Y

Note1 : The maximum amount that can be guaranteed to individual counter-party is 45% of the guarantor's net assets.

(NT\$ 2,047,743 × 45% = NT\$921,484)

Note2 : The maximum amount that can be guaranteed is 49% of the guarantor's net assets.

(NT\$ 2,047,743 × 49% = NT\$1,003,394)

Table 3

Marketable securities held

For the year ended December 31, 2023

(Shares in thousands, Amounts in Thousands of New Taiwan Dollars, unless specified)

Investor	Description of Stock		Relationship with the Investor	Financial statement account	December 31, 2023			
					Shares	Carrying value	Percentage of ownership	Fair Value
Princeton Technology Corp.	Unlisted common stock	Innorich Venture Capital Corp.	—	Financial assets at FVTOCI	1,500	4,350	—	4,350
Princeton Capital Corp.	Fund	Capital Money Market Fund	—	Financial assets at FVTPL- current	1,219	20,222	—	20,222
Princeton Capital Corp.	Fund	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL- current	1,451	20,229	—	20,229
Princeton Capital Corp.	Fund	Easispring Investments Optimal Income Fund of Funds A TWD	—	Financial assets at FVTPL- current	449	5,426	—	5,426
Princeton Capital Corp.	Fund	KGI Real Assets Multi-asset Fund - TWD A	—	Financial assets at FVTPL- current	500	4,980	—	4,980
Princeton Capital Corp.	Listed common stock	Advanced Microelectronic Products Inc.	—	Financial assets at FVTPL- current	56	874	—	874
Princeton Capital Corp.	Listed common stock	Unifosa Corporation	—	Financial assets at FVTPL- current	2,566	31,558	—	31,558
Princeton Capital Corp.	Limited partnership	Foryou Private Equity Limited Partnership	—	Financial assets at FVTPL - non current	—	12,552	—	12,552
Princeton Capital Corp.	Limited partnership	Qingfeng Capital Venture Capital Limited Partnership	—	Financial assets at FVTPL - non current	—	29,739	—	29,739
Princeton Capital Corp.	Listed stock through private	Advanced Microelectronic Products Inc.	—	Financial assets at FVTOCI	288	2,175	—	2,175
Princeton Technology (Shenzhen) Ltd.	Wealth management products	Fubon bank (China) co., Ltd Structured deposits Yue Hui Ying	—	Financial assets at FVTPL- current	25,090	109,452	—	109,452
Chengdu Chip-Rail Microelectronics Co.,Ltd.	Wealth management products	Bank of Communications contains wealth-type structured deposits 7day	—	Financial assets at FVTPL- current	2,000	8,605	—	8,605
Chengdu Chip-Rail Microelectronics Co.,Ltd.	Wealth management products	Bank of Communications contains wealth-type structured deposits 7 day	—	Financial assets at FVTPL- current	2,000	8,604	—	8,604
Chengdu Chip-Rail Microelectronics Co., Ltd.	Wealth management products	Bank of Communications Yuntong Wealth Term Structured Deposit for 98days	—	Financial assets at FVTPL- current	22,000	94,835	—	94,835
Chengdu Chip-Rail Microelectronics Co.,Ltd.	Wealth management products	Bank of Communications Yuntong Wealth Term Structured Deposit for 63days	—	Financial assets at FVTPL- current	3,000	12,926	—	12,926
Chengdu Chip-Rail Microelectronics Co.,Ltd.	Wealth management products	Bank of Communications Yuntong Wealth Term Structured Deposit for 35days	—	Financial assets at FVTPL- current	5,000	21,523	—	21,523
Princeton Silicon LTD	Unlisted equity investment	ARK HDPS SEMICONDUCTOR PTE. (Shenzhen) Ltd.	—	Financial assets at FVTOCI	—	44,756	3.07%	44,756

Table 4

Total purchase from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital
 For the year ended December 31, 2023
 (Amounts in Thousands of New Taiwan Dollars, unless specified)

Related Party	Nature of relationship	Transaction Details			Abnormal transaction		Notes/accounts payable or receivable		Note
		Purchase /sale	Amount	% to Total	Payment term	Unit price	Payment terms	Ending balance	
Princeton Technology (Chengdu) Corp.	Equity-method investee of Princeton Silicon Inc.	Sales	179,249	14.76%	OA90days	—	—	Accounts receivable 48,607	22.93%

Table 5

Name, locations, and other information of investee on which the Company exercises significant influence

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and Chinese Yuan, unless otherwise specified)

Investor	Investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2023		Equity in net income (net loss)		
				Dec 31, 2023	Dec 31, 2022	Shares (in thousand)	Percentage of ownership		Carrying value	Net income (loss) of the investee
Princeton Technology Corp.	Princeton Silicon LTD	Hong Kong	Holding company	1,056,197	1,009,632	33,500	100.00%	921,880	(23,776)	(27,167)
Princeton Technology Corp.	Princeton Capital Corp.	Taiwan	Investment holding	150,000	150,000	15,000	100.00%	202,778	7,763	7,763
Princeton Technology Corp.	Microlink Communications Inc.	Taiwan	Wireless communications products research, manufacture and sales & marketing	80,000	80,000	8,000	25.00%	—	(1,053)	—
Princeton Technology Corp.	Morelink Technology Corporation	Taiwan	Wireless communications products and Electronic components maintenance & sales; Importer of Restricted RF/Telecom device	15,800	15,800	1,580	7.87%	2,899	(48,350)	(3,823)
Princeton Technology Corp.	Foresight Energy Technology Co., LTD	Taiwan	Electronic components and battery manufacturing, Electric equipment wholesale, Electronic material wholesale and sales	13,442	13,442	1,344	2.59%	17,362	(45,370)	(2,602)
Princeton Capital Corp.	Foresight Energy Technology Co., LTD	Taiwan	Electronic components and battery manufacturing, Electric equipment wholesale, Electronic material wholesale and sales	40,905	26,145	3,229	6.21%	41,711	(45,370)	(5,744)
Princeton Technology (Shenzhen) Ltd.	Chengdu Chip-Rail Microelectronics Co., Ltd.	China	Computer systems development, IC design, computer hardware and software design and technical services	RMB 16,530	RMB 16,530	6,375	51.00%	RMB 39,249	RMB 200	RMB 102

Table 6
Investment in Mainland China
For the year ended December 31, 2023
(Amounts in Thousands of New Taiwan Dollars and US Dollars, unless otherwise specified)

Investee	Main business and products	Total amount of paid-in capital	Investment type	Accumulated outflow of investment from Taiwan as of December 31, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income of the investee of the investee	% Ownership director or indirect investment	Investment gain(loss)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Princeton Technology (Shenzhen) Ltd.	IC sales, design & marketing and software research; the research and development of separators for lithium-ion batteries; communications equipment technical consulting and after-sale service	417,942 (USD13,000)	Indirect: Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	417,942 (USD13,000)	-	-	417,942 (USD13,000)	(8,940) (USD (288))	100%	(8,762)	350,512	-
Princeton Technology (Chengdu) Corp.	IC design and software research, technology transfer, technical consulting, after-sales service; modular design of electronic systems, development and sale; IC sale, import and export, communications equipment research, sales, import and export, technical consulting, after-sale service; lithium-ion batteries research, sales, import and export; own house rental	591,690 (USD 19,000)	Indirect: Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	591,690 (USD19,000)	-	-	591,690 (USD19,000)	(16,934) (USD(545))	100%	(17,017)	529,180	-
ARK HDPS SEMICON DUCTOR PTE. (Shenzhen) Ltd.	R&D and sales of semiconductors, testing equipment, automation equipment, electromechanical equipment and related equipment, materials and consumables; related technical consulting, technology transfer and scientific and technological services; technology development, technology transfer and technical services in the field of new energy; import and export related matters	RMB10,905	Indirect: Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	-	43,343 (USD1,396)	-	43,343 (USD1,396)	(207,784) (RMB (6,686))	3.07%	Note2	44,756	-
Accumulated investment in Mainland China as of December 31, 2023			Investment amounts authorized by Investment Commission, MOEA				Upper limit on investment defined by Investment Commission, MOEA(Note1)					
				1,056,197(USD 33,500)			1,228,646					

Note1: Recognition of the upper limit was based on audited financial statement as of December 31, 2023. The limit was NT\$1,217,300 (NT\$2,047,743 × 60% = NT\$1,228,646)

Note2: Financial assets measured at FVTOCI – non-current.

Table 7
Information on major shareholders
For the year ended December 31, 2023

Shareholders	Shares	
	Total Shares Owned (In Thousands)	Ownership Percentage
Chiang Tsang An	11,557	6.38%

Note 1 :The Table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDCC) calculates the total number of ordinary shares and special shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's parent company only financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to difference in the basis of calculation.

Independent Auditors' Report

The Board of Directors and Stockholders
Princeton Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Princeton Technology Corp. and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Allowance for Inventory Valuation and Obsolescence Losses

The Company's inventories consist of wafers and integrated circuits. Due to the rapid technological changes and volatile market, the estimate of the realizable value of inventories and the identification of slow-moving inventories require significant management judgment. We believe that the allowance for inventory valuation and obsolescence losses is a Key Audit Matter item. Refer to Notes 5&11.

Our Key audit procedures performed in respect of the above included the following:

1. Assessed the adequacy of inventory valuation policy adopted by the management.
2. Obtained the valuation report of inventories prepared by the management ; Selected samples to examine whether inventories are stated at the lower of cost or net realizable value and assessed the reasonableness of the management's assumption.
3. Obtained 、 tested and inspected the inventory aging report prepared by the management ; Observed physical inventory-taking to evaluate whether the allowance of inventories obsolescence losses was appropriate.

Other Matter

As shown in the accompanying consolidated financial statements, the Company had long-term investment in Microlink Communications Inc. accounted for under equity method based on financial

statements as of December 31, 2023 and 2022, which were audited by the other auditor. Our audit, insofar as it related to the investment accounted for under the equity method balances both to NT\$0 as of December 31, 2023 and 2022, the related share of the investment loss from the associates and joint ventures both amounted to NT\$0 for the years ended December 31, 2023 and 2022, is based solely on the report of the other independent accountant.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

WU MENG TA

PAN JIN SHU

Crowe (TW) CPAs

February 29, 2024

Notice to Readers

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

For the convenience of readers, the 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 auditors' report and consolidated financial statements shall prevail.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

Assets	Note	December 31,2023		December 31,2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	Note 6	\$ 251,301	10	\$ 275,310	10
Financial assets at fair value through profit or loss	Note 7	339,234	14	214,306	8
Financial assets at amortized cost	Note 9	0	0	76,681	3
Notes receivable, net	Note 10	2,738	-	13,169	-
Accounts receivable, net	Note 10	310,128	12	383,373	14
Other receivables	Notes 10&32	6,096	-	11,190	-
Current tax assets	Note 29	530	-	481	-
Inventories, net	Note 11	527,026	22	719,641	27
Prepayments		11,850	-	16,028	1
Other financial assets	Notes 6&33	2,031	-	2,065	-
Total current assets		<u>1,450,934</u>	<u>58</u>	<u>1,712,244</u>	<u>63</u>
Non-current assets					
Financial assets at fair value through profit or loss	Note 7	42,291	2	20,995	1
Financial assets at fair value through other comprehensive income	Note 8	51,281	2	8,201	-
Investments accounted for under the equity method	Notes 12&32	61,972	2	6,645	-
Property, plant and equipment	Notes 13&33	423,169	17	429,512	16
Right-of-use assets	Note 14	4,046	-	8,361	-
Investment property	Notes 15&33	269,432	11	271,040	10
Intangible assets	Note 16	3,939	-	4,050	-
Deferred tax assets	Note 29	13,482	-	12,651	-
Other noncurrent assets	Notes 17&34	194,560	8	277,673	10
Total non-current assets		<u>1,064,172</u>	<u>42</u>	<u>1,039,128</u>	<u>37</u>
Total assets		<u>\$ 2,515,106</u>	<u>100</u>	<u>\$ 2,751,372</u>	<u>100</u>
Liabilities and stockholders' equity					
Current liabilities					
Short-term loans	Note 18	\$ 34,407	2	\$ -	-
Contract liability	Note 24	7,678	-	17,581	1
Accounts payable		112,506	4	163,533	6
Other payables	Note 19	92,400	4	115,932	4
Other current liabilities		533	-	652	-
Total current liabilities		<u>247,524</u>	<u>10</u>	<u>297,698</u>	<u>11</u>
Non-current liabilities					
Long-term loans payable	Notes 20&33	-	-	91,980	3
Deferred tax liability	Note 29	4,602	-	7,726	0
Net defined benefit liability	Note 21	12,266	-	15,556	1
Refundable deposits	Note 22	35,311	2	110,035	4
Total non-current liabilities		<u>52,179</u>	<u>2</u>	<u>225,297</u>	<u>8</u>
Total liabilities		<u>299,703</u>	<u>12</u>	<u>522,995</u>	<u>19</u>
Equity attributable to the parent company					
Capital	Note 23	1,809,437	72	1,809,437	66
Additional paid-in capital	Note 23	73,923	3	21,144	1
Retained earnings	Note 23				
Legal reserve		112,070	5	94,775	3
Special capital reserve		37,193	2	-	-
Accumulated losses		61,011	2	172,948	6
Total retained earnings		<u>210,274</u>	<u>9</u>	<u>267,723</u>	<u>9</u>
Other components of equity	Note 23	(45,891)	(2)	(37,193)	(1)
Total equity attributable to the parent		<u>2,047,743</u>	<u>82</u>	<u>2,061,111</u>	<u>75</u>
Non-controlling interests	Note 23	167,660	6	167,266	6
Total equity		<u>2,215,403</u>	<u>88</u>	<u>2,228,377</u>	<u>81</u>
Total liabilities and equity		<u>\$ 2,515,106</u>	<u>100</u>	<u>\$ 2,751,372</u>	<u>100</u>

The accompanying notes are integral part of consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 & 2022

(Expressed in Thousand New Taiwan Dollars, Except for Earnings Per Share Amounts)

	Note	2023		2022	
		Amount	%	Amount	%
Net sales	Notes 24&32	\$ 1,659,635	100	\$ 1,948,855	100
Cost of goods sold	Notes 11.21&25	(1,099,110)	(66)	(1,254,555)	(64)
Gross profit		560,525	34	694,300	36
Operating expenses	Notes 21.25&32				
Marketing		(53,900)	(3)	(52,953)	(3)
General and administrative		(163,033)	(10)	(164,286)	(9)
Research and development		(343,942)	(21)	(338,394)	(17)
Total operating expenses		(560,875)	(34)	(555,633)	(29)
Operating gain		(350)	-	138,667	7
Non-operating income and expenses					
Interest income	Note 26	3,404	-	3,339	-
Other gain and loss	Notes 27&32	68,546	4	34,616	2
Finance costs	Note 28	(2,222)	-	(2,852)	-
Share of loss of associates and joint ventures	Note 12	(12,169)	-	(7,257)	-
Subtotal		57,559	4	27,846	2
Income from continuing operations before income tax		57,209	4	166,513	9
Income tax benefit	Note 29	2,244	-	1,669	-
Net income		59,453	4	168,182	9
Other comprehensive income and loss					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 23	1,422	-	6,321	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	Note 23	306	-	(1,215)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss	Note 29	(284)	-	(1,264)	-
Subtotal		1,444	-	3,842	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	Note 23	(11,235)	-	79,917	3
Income tax benefit related to items that may be					
Share of other comprehensive loss of subsidiaries and associates	Note 23	(42)	-	-	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss	Notes 23&29	2,240	-	(10,601)	-
Subtotal		(9,037)	-	69,316	3
Total other comprehensive (loss) income, net of tax		(7,593)	-	73,158	3
Total comprehensive income		\$ 51,860	4	\$ 241,340	12
Net income attributable to:					
Stockholders of the parent		\$ 59,026	9	\$ 167,891	9
Non-controlling interests		427	-	291	-
		\$ 59,453	4	\$ 168,182	9
Comprehensive income attributable to:					
Stockholders of the parent		\$ 51,466	4	\$ 224,540	11
Non-controlling interests		394	-	16,800	1
		\$ 51,860	4	\$ 241,340	12
Earnings per share	Note 30				
Basic earnings per share		\$ 0.33		\$ 0.93	
Diluted earnings per share		\$ 0.33		\$ 0.92	

The accompanying notes are integral part of consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 & 2022

(Expressed in Thousand New Taiwan Dollars)

Equity attributable to the parent

	Additional paid-in capital				Retained earnings				Other components of equity				Total Equity
	Common Stock	Premiums	Recognize changes in subsidiaries' ownership	Share of changes in equities of associates and joint venture	Employee stock options	Legal reserve	Special reserve	Unappropriated earnings (Accumulated losses)	Exchange differences arising on translation of foreign operations	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	Total equity attributable to the parent	Non-controlling interests	
Balance as of January 1, 2022	\$ 1,809,437	\$ 1,102	\$ 39	\$ 13,262	\$ 4,592	\$ 306,123	\$ -	\$ (211,348)	\$ (52,925)	\$ (35,860)	\$ 1,834,422	\$ 150,466	\$ 1,984,888
Deficit compensated through legal reserve	-	-	-	-	-	(211,348)	-	211,348	-	-	-	-	-
Adjustments to share of changes in equities of associates and joint venture	-	-	-	2,149	-	-	-	-	-	-	2,149	-	2,149
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	167,891	-	-	167,891	291	168,182
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	5,057	52,807	(1,215)	56,649	16,509	73,158
Total comprehensive income	-	-	-	-	-	-	-	172,948	52,807	(1,215)	224,540	16,800	241,340
Balance as of December 31, 2022	1,809,437	1,102	39	15,411	4,592	94,775	-	172,948	(118)	(37,075)	2,061,111	167,266	2,228,377
Appropriations of 2022 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	17,295	-	(17,295)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	37,193	(37,193)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	-	-	(117,613)	-	-	(117,613)	-	(117,613)
Adjustments to share of changes in equities of associates and joint venture	-	-	-	52,779	-	-	-	-	-	-	(52,779)	-	52,779
Net income for the year ended December 31, 2023	-	-	-	-	-	-	-	59,026	-	-	59,026	427	59,453
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	1,138	(9,004)	306	(7,560)	(33)	(7,593)
Total comprehensive income	-	-	-	-	-	-	-	60,164	(9,004)	306	51,466	394	51,860
Balance as of December 31, 2023	\$ 1,809,437	\$ 1,102	\$ 39	\$ 68,190	\$ 4,592	\$ 112,070	\$ 37,193	\$ 61,011	\$ (9,122)	\$ (36,769)	\$ 2,047,743	\$ 167,660	\$ 2,215,403

The accompanying notes are integral part of consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 & 2022

(Expressed in Thousand New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income before tax	\$ 57,209	\$ 166,513
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	53,871	49,550
Amortization expense	52	135
Expected credit gains	-	32
Net (income) loss of financial assets at fair value through profit or loss	(18,431)	9,404
Finance costs	2,222	2,852
Interest income	(3,404)	(3,339)
Share of loss of associates and joint ventures	12,169	7,257
Gain on disposal of property, plant and equipment, net	(118)	(43)
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Mandatorily classified FVTPL	(112,856)	(9,844)
Notes receivable	10,431	699
Accounts receivable	73,245	(45,674)
Other receivables	4,357	(4,169)
Inventories	192,615	(397,768)
Prepayments	4,178	(2,597)
Other financial asset	34	(12)
Increase (decrease) in :		
Contract liability	(9,903)	10,985
Accounts payable	(51,027)	(3,956)
Other payables	(21,768)	30,934
Other current liabilities	(119)	150
Net defined benefit liabilities	(1,868)	(1,824)
Cash provided by (used in) operations	190,889	(190,715)
Interest received	4,141	2,660
Interest paid	(3,984)	(1,560)
Dividend paid	(117,613)	-
Income tax received	111	436
Net cash provided by (used in) operating activities	<u>73,544</u>	<u>(189,179)</u>

(Continued)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	(42,774)	-
Proceeds from Financial assets at amortized cost	76,681	23,667
Acquisition of financial assets at fair value through profit or loss	(19,500)	(21,000)
Acquisition of investments accounted for under the equity method	(14,760)	-
Acquisition of property, plant and equipment	(35,673)	(37,459)
Proceeds from disposal of property, plant and equipment	118	43
Acquisition of intangible assets	(17)	(22)
Increase in other noncurrent assets	-	(26,205)
Decrease in other noncurrent assets	77,450	-
Net cash provided by (used in) investing activities	<u>41,525</u>	<u>(60,976)</u>
Cash flows from financing activities		
Increase in short-term loans	34,407	-
Decrease in long-term loans	(91,965)	-
Decrease in guarantee deposits received	(74,724)	(299)
Repayment of the principal portion of lease liabilities	-	(1,450)
Increase (decrease) in non-controlling interests	(33)	16,509
Net cash (used in) provided by financing activities	<u>(132,315)</u>	<u>14,760</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(6,763)</u>	<u>19,602</u>
Net decrease in cash and cash equivalents	(24,009)	(215,793)
Cash and cash equivalents at beginning of period	<u>275,310</u>	<u>491,103</u>
Cash and cash equivalents at end of period	<u>\$ 251,301</u>	<u>\$ 275,310</u>

(Concluded)

The accompanying notes are integral part of consolidated financial statements.

English Translation of Financial Statements Originally Issued in Chinese
Princeton Technology Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 & 2022
(Expressed in Thousand New Taiwan Dollars, unless otherwise specified)

1. Company establishment

Princeton Technology Corp. (PTC) was established in May 1986. It specializes in the development, design, testing and sales of high quality, high value-added consumer integrated circuits (ICs). PTC's common shares were publicly listed on the Gre Tai Securities Market (GTSM) in December, 2001.

2. Date and procedures of authorization of financial statements for issue

The financial statements were approved and authorized for issue by the Board of Directors on February 29, 2024.

3. Newly issued or revised standards and interpretations

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

New standards, interpretations and amendments as endorsed by FSC effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 "The disclosure of accounting policies"	January 1, 2023(Note1)
Amendments to IAS 8 "Clarify the definition of accounting estimates"	January 1, 2023(Note2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023(Note3)
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	Note4

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Note 4: As a temporary exception under IAS 12, the Company shall not recognize deferred income tax assets and liabilities related to Pillar Two income tax, nor shall it disclose their related information. However, the Company shall disclose in its financial report that it has already applied this exception. The Company shall apply this part of the amendment retrospectively in accordance with IAS 8 since its issuance date (i.e. May 23, 2023). The Company shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting dates ending before or on December 31, 2023.

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company accounting policies.

b. Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024(Note1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024(Note2)

Note1: The seller-lessee shall apply the amendments retroactively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note 2: This amendment provides certain transitional reliefs. When initially applying the amendment, Group are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

As of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 12 “International Tax Reform – Pillar Two model rules Template”	January 1, 2025

As of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of significant accounting policies

Significant accounting policies are summarized as follows:

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates.

Basis of Preparation

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

Basis of Consolidation

a. The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of PTC and entities controlled by PTC (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the

effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

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

When the Company loses control of a subsidiary, the Company should recognize any resulting differences between (1) the fair value of the consideration received, from the transaction, event or circumstances that resulted in the loss of control; and any investment retained in the former subsidiary at its fair value at the date when control is lost, and (2) the assets (including any goodwill), liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost.

If the Company loses control of a subsidiary, the Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost shall be regarded as the cost on initial recognition of an investment in an associate.

b. The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership	
			December 31, 2023	December 31, 2022
Princeton Technology Corp.	PRINCETON SILICON LIMITED (PRINCETON SILICON)	Holding company	100.00%	100.00%
Princeton Technology Corp.	Princeton Capital Corp. (Princeton Capital)	Investment holding	100.00%	100.00%
PRINCETON SILICON	Princeton Technology (Shenzhen) Ltd. (Princeton Technology (Shenzhen))	IC sales, design & marketing and software research; the research and development of separators for lithium-ion batteries; communications equipment technical consulting and after-sale service	100.00%	100.00%
PRINCETON SILICON	Princeton Technology (Chengdu) Corp. (Princeton Technology (Chengdu))	IC design and software research, technology transfer, technical consulting, after-sales service; modular design of electronic systems, development and sale; IC sale, import and export, communications equipment research, sales, import and export, technical consulting, after-sale service; lithium-ion batteries research, sales, import and export; own house rental	100.00%	100.00%
Princeton Technology (Shenzhen)	Chengdu Chip-Rail Microelectronics Co., Ltd. (Chengdu Chip-Rail)	Computer systems development, IC design, computer hardware and software design and technical services	51.00%	51.00%

c. Unconsolidated subsidiaries: None.

d. Non-wholly owned subsidiaries that have noncontrolling material interests:

The information on non-controlling interest and respective subsidiaries are as follows:

Name of subsidiary	Principal place of business	Percentage of Ownership of Non-controlling Interest	
		December 31, 2023	December 31, 2022
Chengdu Chip-Rail	China	49.00%	49.00%

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest		Non-controlling Interest	
	2023	2022	December 31, 2023	December 31, 2022
Chengdu Chip-Rail	\$ 427	\$ 291	\$ 167,660	\$ 167,266

The summary financial information (including the intra-company transactions) of subsidiaries are as follows :

Balance sheets

	December 31, 2023	December 31, 2022
Current assets	\$ 388,554	\$ 386,522
Non-current assets	8,895	9,857
Current liabilities	(55,287)	(54,930)
Non-current liabilities	—	(91)
Equity	<u>\$ 342,162</u>	<u>\$ 341,358</u>
Equity attributable to :		
Stockholders of the parent	\$ 174,502	\$ 174,092
Non-controlling interests	<u>167,660</u>	<u>167,266</u>
	<u>\$ 342,162</u>	<u>\$ 341,358</u>

Statements of comprehensive incomes

	2023	2022
Net sales	<u>\$ 316,977</u>	<u>\$ 290,533</u>
Net profit for the period	\$ 872	\$ 593
Other comprehensive income	(68)	33,691
Total comprehensive income	<u>\$ 804</u>	<u>\$ 34,284</u>
Net profit attributable to :		
Stockholders of the parent	\$ 445	\$ 302
Non-controlling interests	<u>427</u>	<u>291</u>
	<u>\$ 872</u>	<u>\$ 593</u>
Comprehensive income attributable to:		
Stockholders of the parent	\$ 410	\$ 17,484
Non-controlling interests	<u>394</u>	<u>16,800</u>
	<u>\$ 804</u>	<u>\$ 34,284</u>
Dividends paid to non-controlling interests	<u>\$ —</u>	<u>\$ —</u>

Statements of cash flows

	2023		2022
Net cash (used in) provided by operating activities \$	(79,099)	\$	46,938
Net cash provided by (used in) investing activities	29,858		(2,942)
Net cash used in financing activities	(87)		—
Net (decrease) increase in cash and cash equivalents \$	<u>(49,328)</u>	\$	<u>43,996</u>

e. Adjustments for subsidiaries with different balance sheet dates: None.

f. Issuance of securities held by a subsidiary of the parent content: None.

g. Significant restrictions: None.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When a business combination is achieved in stages, the Company's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Company.

Foreign Currencies

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). The functional currency of the Company and presentation currency of the consolidated financial statements are both New Taiwan Dollars (NT\$).

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period,

in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash or cash equivalent, sold or consumed within 12 months from the end of the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting period.

Current liabilities are obligations incurred for trading purposes, obligations expected to be settled within 12 months from the end of the reporting periods and obligations for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period the end of the reporting period.

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

Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months).

Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss /and include the original recognition amount of financial assets and financial liabilities.

Financial Assets

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

a. Classification and subsequent measurement

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets as amortized, and investments in debt and equity instruments at FVTOCI. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL, when the financial assets are mandatorily classified or are designated as at FVTPL.

Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

(b) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(c) Financial assets at amortized cost

Financial assets that meet the following 2 conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

b. Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable), investments in debt instrument that are measured at FVTOCI as well as contract assets.

The Company always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable, contract assets and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassifying to profit or loss.

Equity instruments and Financial Liabilities

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

a. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

If the Company reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

b. Financial liabilities

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

c. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Inventories

Inventories consist of raw materials, work in process, finished goods and merchandise. Inventories are stated at actual purchase costs and the weight-average method is applied in computing the cost of inventories.

Inventories are valued at the lower of cost or net realizable value item by item. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Investments Accounted for under the Equity Method

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognized the changes in the share of equity of associates.

If the Company share of losses of an associate equals or exceeds its "interest in the associate", the Company discontinues recognizing its share of further losses. The "interest in an associate" is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Company's net investment in the associate. After the interest is reduced to zero, additional losses are recognized by a provision (liability) only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and

cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional associate new shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of associate new shares, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities, the above adjustment shall change to capital surplus or retained earnings.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate and the joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. In addition, The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented on a separate line in the consolidated balance sheets. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the aforementioned accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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

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

b. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives.

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

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

Goodwill is not amortized and instead is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

(a) Intangible assets acquired separately

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

(b) Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria mentioned above.

The subsequent measurement of such intangible asset is stated at cost less any accumulated amortization and accumulated impairment losses.

(c) Derecognition of intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Borrowing costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefits

Short-term employee benefits

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

Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Other long-term employee benefits

Employees' and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Revenue Recognition

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

The Company transfer a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Company do not adjust the promised amount of consideration for any effect of a significant financing component.

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company are consumer integrated circuits (ICS) and revenue is recognized based on the consideration stated in the contract.

The Company does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

The Company guarantee that merchandise could work smoothly as expected and such transactions are recognized in accordance with IAS37.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract. However, for some contracts, part of the consideration was received from customers before transferring the goods, then the Company has the obligation to transfer the goods subsequently and it should be recognized as contract liabilities.

Rendering of services

The Company provides IC design services. Revenues are recognized based on the stage of completion of the contracts.

The contractual considerations of the Company are received in accordance with the payment schedule set by the contracts. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Taxation

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

Current tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Current and deferred tax for the year

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

5.Critical accounting judgments and key sources of estimation and uncertainty

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

The Company consider the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

The main sources of significant accounting judgments, estimates and assumptions are as follows:

Impairment of tangible and intangible assets other than goodwill

The Company measures the useful life of individual assets and the probable future economic benefits in a specific asset group, which depends on subjective judgment, asset characteristics

and industry, during the impairment testing process. Any change in accounting estimates due to economic circumstances and business strategies might cause material impairment in the future.

Allowance for inventory valuation and obsolescence losses

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a significant effect on the estimation of net realizable value.

Fair value measurements and valuation processes

If some of the Company’s assets and liabilities measured at fair value have no quoted prices in active markets, the Company determine the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers based on managements’ judgement and related regulations.

Where Level 1 inputs are not available, the Company would determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

For information about the valuation techniques and inputs used in determining the fair value of various investments. Refer to Note 37.

6.Cash and cash equivalents

	<u>December 31,2023</u>	<u>December 31,2022</u>
Cash on hand	\$ 442	\$ 382
Checking and savings accounts	225,996	274,928
Time deposits	24,863	—
	<u>\$ 251,301</u>	<u>\$ 275,310</u>

As of December 31, 2023 and 2022, the pledged certificates of bank deposits have been reclassified to other financial assets. Refer to Note 33

7.Financial assets at FVTPL

a.The details of financial assets at FVTPL are as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Financial assets at FVTPL - current</u>		
Mandatorily classified financial assets as at FVTPL		
Wealth management products	\$ 255,945	\$ 192,245
Mutual funds	50,857	—
Listed stocks	32,432	22,061
	<u>\$ 339,234</u>	<u>\$ 214,306</u>

Financial assets at FVTPL – non- current

Mandatorily classified financial assets as at FVTPL

Limited partnership	\$ 42,291	\$ 20,995
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b.The above financial assets at FVTPL were all not pledged.

8. Financial assets at FVTOCI

a. The details of financial assets at FVTOCI are as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Financial assets at FVTOCI, non-current</u>		
Investment in equity instruments		
Foreign unlisted equity investment	\$ 44,756	\$ —
Non-publicly traded stocks	4,350	4,575
Listed stocks through private placement	2,175	3,626
	<u>\$ 51,281</u>	<u>\$ 8,201</u>

b. These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

c. The above financial assets at FVTOCI were all not pledged.

9. Financial assets at amortized cost, current

a. The details of Financial assets at amortized cost, current are as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Time deposits with original maturity of more than 3 months	\$ —	\$ 76,681
Interest rate	—	1.75%~2.45%

b. The above financial assets at amortized cost, current were all not pledged.

10. Notes and accounts receivable, net and other receivable

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Notes receivable</u>		
Notes receivable-operating activities	\$ 2,738	\$ 13,169
Notes receivable-non operating activities	—	—
Less: allowance for doubtful accounts	—	—
	<u>\$ 2,738</u>	<u>\$ 13,169</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 319,866	\$ 393,285
Less: allowance for doubtful accounts	(9,738)	(9,912)
	<u>\$ 310,128</u>	<u>\$ 383,373</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 6,096	\$ 11,190
Less: allowance for doubtful accounts	—	—
	<u>\$ 6,096</u>	<u>\$ 11,190</u>

a. The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for all trade receivables. The expected credit losses on receivables are estimated using a

provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator. The Company estimates expected credit losses based on the number of days for which receivables are past due. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status is not further distinguished according to the Company's different customer base.

b. The following table details the loss allowance of accounts receivable and other receivables.

	December 31, 2023					Total
	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	
Gross carrying amount	\$ 316,224	\$ —	\$ —	\$ —	\$ 9,738	\$ 325,962
Estimates expected credit loss rate	0%	0%	0%	0%	100%	
Loss allowance (Lifetime ECL)	—	—	—	—	(9,738)	(9,738)
Amortized cost	<u>\$ 316,224</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 316,224</u>
	December 31, 2022					Total
	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	
Gross carrying amount	\$ 394,563	\$ —	\$ —	\$ —	\$ 9,912	\$ 404,475
Estimates expected credit loss rate	0%	0%	0%	0%	100%	
Loss allowance (Lifetime ECL)	—	—	—	—	(9,912)	(9,912)
Amortized cost	<u>\$ 394,563</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 394,563</u>

The movements of the allowance for doubtful accounts and other receivables

	December 31, 2023	December 31, 2022
Balance, beginning of year	\$ 9,912	\$ 9,808
Add: Provision	—	32
Effect of exchange rate changes	(174)	72
Balance, end of year	<u>\$ 9,738</u>	<u>\$ 9,912</u>

c. The above notes and accounts receivable, net and other receivables were all not pledged.

11. Inventories, net

	December 31, 2023	December 31, 2022
Merchandises	\$ 13,111	\$ 12,274
Finished goods	107,299	224,607
Work in progress	268,037	374,856
Raw materials	138,579	107,904
	<u>\$ 527,026</u>	<u>\$ 719,641</u>

a. The cost of goods sold of the Company consisted of the following:

	2023	2022
Selling cost of inventories	\$ 1,082,934	\$ 1,230,301
Loss on decline in value of inventory	16,376	24,617
Others	(200)	(363)
	<u>\$ 1,099,110</u>	<u>\$ 1,254,555</u>

b. The above inventories, net were all not pledged.

12. Investments accounted for under the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in associates	\$ <u>61,972</u>	\$ <u>6,645</u>

Associates consisted of the following:

<u>Name of Associate</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying value</u>	<u>%</u>	<u>Carrying value</u>	<u>%</u>
Foresight Energy Technology Co., Ltd.	\$ 59,073	8.80%	\$ —	15.84%
Morelink Technology Corporation	2,899	7.87%	6,645	7.93%
Microlink Communications Inc.	—	25.00%	—	25.00%
	<u>\$ 61,972</u>		<u>\$ 6,645</u>	

a. As of December 31, 2023, the Company's equity in Foresight Energy Technology Co., Ltd. and Morelink Technology Corporation were 8.80% and 7.87%, respectively. The Company held less than 20% of Foresight Energy Technology Co., Ltd. and Morelink Technology Corporation's stock with voting rights, but has significant influence over this investee and accounted for the investment by equity method.

b. As of December 31, 2012, the stockholders' equity of Microlink Communications Inc. had become negative, and the Company didn't intend to continue its support for the investee company. The Company recognized investment loss that make the carrying amount of long-term investment equal to zero.

Unrecognized investment loss of Microlink Communications Inc. was summarized as follows:

	<u>2023</u>	<u>2022</u>
Unrecognized investment loss:		
Current year amount	\$ <u>184</u>	\$ <u>4,421</u>
Accumulatd amount	\$ <u>26,128</u>	\$ <u>28,940</u>

c. Financial information of the Company's associates was summarized as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total assets	\$ <u>935,090</u>	\$ <u>262,209</u>
Total liabilities	\$ <u>331,651</u>	\$ <u>303,418</u>
	<u>2023</u>	<u>2022</u>
Net revenue	\$ <u>190,489</u>	\$ <u>140,374</u>
Net loss	\$ <u>(92,667)</u>	\$ <u>(78,781)</u>
The Company's share of other comprehensive income of associates	\$ <u>(484)</u>	\$ <u>—</u>

d. The investment gain (loss) for the years ended December 31, 2023 and 2022 were based on the investees' financial statements audited by the auditors for the same years.

e. All the investments accounted for under equity method were not pledged.

13. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture	Other equipment	Subtotal
Cost :							
January 1,2023	\$ 133,228	\$ 366,139	\$ 1,891	\$ 11,828	\$ 13,070	\$ 97,942	\$ 624,098
Addition	—	11,087	—	—	1,546	28,701	41,334
Disposals	—	—	(311)	(1,023)	(678)	(47,942)	(49,954)
Exchange effect	—	(42)	—	(93)	(71)	237	31
December 31,2023	<u>\$ 133,228</u>	<u>\$ 377,184</u>	<u>\$ 1,580</u>	<u>\$ 10,712</u>	<u>\$ 13,867</u>	<u>\$ 78,938</u>	<u>\$ 615,509</u>
January 1,2022	\$ 133,228	\$ 340,666	\$ 2,181	\$ 12,088	\$ 10,608	\$ 83,201	\$ 581,972
Addition	—	—	—	—	2,316	27,193	29,509
Disposals	—	—	(290)	(556)	(549)	(18,706)	(20,101)
Exchange effect	—	25,473	—	296	695	6,254	32,718
December 31,2022	<u>\$ 133,228</u>	<u>\$ 366,139</u>	<u>\$ 1,891</u>	<u>\$ 11,828</u>	<u>\$ 13,070</u>	<u>\$ 97,942</u>	<u>\$ 624,098</u>
Accumulated depreciation :							
January 1,2023	\$ 6,201	\$ 104,241	\$ 1,371	\$ 9,515	\$ 8,465	\$ 64,793	\$ 194,586
Depreciation	—	11,625	329	1,183	1,732	33,044	47,913
Disposals	—	—	(311)	(1,023)	(678)	(47,942)	(49,954)
Exchange effect	—	(119)	—	(135)	(69)	118	(205)
December 31,2023	<u>\$ 6,201</u>	<u>\$ 115,747</u>	<u>\$ 1,389</u>	<u>\$ 9,540</u>	<u>\$ 9,450</u>	<u>\$ 50,013</u>	<u>\$ 192,340</u>
January 1,2022	\$ 6,201	\$ 89,383	\$ 1,161	\$ 8,560	\$ 7,405	\$ 50,374	\$ 163,084
Depreciation	—	10,540	500	1,248	1,118	28,995	42,401
Disposals	—	—	(290)	(556)	(549)	(18,706)	(20,101)
Exchange effect	—	4,318	—	263	491	4,130	9,202
December 31,2022	<u>\$ 6,201</u>	<u>\$ 104,241</u>	<u>\$ 1,371</u>	<u>\$ 9,515</u>	<u>\$ 8,465</u>	<u>\$ 64,793</u>	<u>\$ 194,586</u>

a. Depreciation is computed by the average method over these estimated service lives plus one year to reflect estimated salvage value :

Buildings	10~55 years
Machinery and equipment	3 years
Transportation equipment	4~5 years
Furniture	2~5 years
Other equipment	1~5 years

b. All the property, plant and equipment were pledged. Refer to Notes 18, 20 and 33.

14. Lease arrangements

a. Right-of-use assets

	December 31,2023		December 31,2022	
<u>Carrying amounts</u>				
Land	\$	4,046	\$	8,361
Buildings		—		—
	<u>\$</u>	<u>4,046</u>	<u>\$</u>	<u>8,361</u>
	<u>Land</u>	<u>Buildings</u>		<u>Subtotal</u>
Cost :				
January 1, 2023	\$	9,159	\$	—
Addition		—		—
Disposals and reclassification		(4,638)		—
Exchange effect		—		—
December 31, 2023	<u>\$</u>	<u>4,521</u>	<u>\$</u>	<u>—</u>
January 1, 2022	\$	8,255	\$	5,713
Addition		—		—
Disposals and reclassification		—		(5,713)
Exchange effect		904		—
December 31, 2022	<u>\$</u>	<u>9,159</u>	<u>\$</u>	<u>—</u>

	<u>Land</u>	<u>Buildings</u>	<u>Subtotal</u>
Accumulated depreciation :			
January 1, 2023	\$ 798	\$ —	\$ 798
Depreciation	98	—	98
Disposals and reclassification	(421)	—	(421)
Exchange effect	—	—	—
December 31, 2023	<u>\$ 475</u>	<u>\$ —</u>	<u>\$ 475</u>
January 1, 2022	\$ 543	\$ 4,285	\$ 4,828
Addition	191	1,428	1,619
Disposals and reclassification	—	(5,713)	(5,713)
Exchange effect	64	—	64
December 31, 2022	<u>\$ 798</u>	<u>\$ —</u>	<u>\$ 798</u>

b. Material lease-in activities and terms

The Company leases certain leasehold land and buildings for the use of office with lease terms of 3 years to 47 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

c. Subleases

The Company subleased part of its right-of-use assets for land in Chengdu, China under operating leases. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Note 15 for further information on investment properties.

d. Other lease information

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expenses relating to low-value asset leases	\$ 3,426	\$ 4,615
Total cash outflow for leases	<u>\$ (3,426)</u>	<u>\$ (6,065)</u>

The Company applies the recognition exemption to leases of equipment and others qualifying as short-term leases and low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

15. Investment Property

	<u>Buildings</u>	<u>Right-of-use assets</u>	<u>Subtotal</u>
Cost :			
January 1, 2023	\$ 290,448	\$ 6,074	\$ 296,522
Additional	—	—	—
Disposals and reclassification	—	4,638	4,638
Exchange effect	(48)	(3)	(51)
December 31, 2023	<u>\$ 290,448</u>	<u>\$ 10,709</u>	<u>\$ 301,109</u>
January 1, 2022	\$ 261,745	\$ 5,473	\$ 267,218
Additional	—	—	—
Disposals and reclassification	—	—	—
Exchange effect	28,703	601	29,304
December 31, 2022	<u>\$ 290,448</u>	<u>\$ 6,074</u>	<u>\$ 296,522</u>

	<u>Buildings</u>	<u>Right-of-use assets</u>	<u>Subtotal</u>
Accumulated amortization and impairment :			
January 1, 2023	\$ 25,017	\$ 465	\$ 25,482
Depreciation	5,627	233	5,860
Disposals and reclassification	—	421	421
Exchange effect	(81)	(5)	(86)
December 31,2023	<u>\$ 30,563</u>	<u>\$ 1,114</u>	<u>\$ 31,677</u>
January 1, 2022	\$ 17,528	\$ 315	\$ 17,843
Depreciation	5,418	112	5,530
Disposals and reclassification	—	—	—
Exchange effect	2,071	38	2,109
December 31,2022	<u>\$ 25,017</u>	<u>\$ 465</u>	<u>\$ 25,482</u>

a.The Company's R&D building construction in Chengdu, China had been completed and transferred the cost of building to PP&E and investment properties according to estimated purpose, respectively. Because the market for comparable properties is inactive and alternative reliable measurements of fair value were not available; therefore, the Company determined that the fair value of the investment property is not reliably measurable.

b.Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 12,200</u>	<u>\$ 11,738</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 4,120</u>	<u>\$ 2,160</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 1,740</u>	<u>\$ 3,258</u>

c.The investment property was depreciated on a straight-line basis over its estimated lives as follows :

Buildings	47 years
Right-of-use assets	47 years

d.All the investment Property were pledged. Refer to Notes 18 and 33.

16. Intangible Assets

	<u>Goodwill</u>	<u>Patents</u>	<u>Subtotal</u>
Cost :			
January 1, 2023	\$ 3,896	\$ 1,611	\$ 5,507
Additional	—	17	17
Disposals and Reclassification	—	—	—
Exchange effect	(74)	(30)	(104)
December 31,2023	<u>\$ 3,822</u>	<u>\$ 1,598</u>	<u>\$ 5,420</u>
January 1, 2022	\$ 3,860	\$ 1,570	\$ 5,430
Additional	—	22	22
Disposals and Reclassification	—	—	—
Exchange effect	36	19	55
December 31,2022	<u>\$ 3,896</u>	<u>\$ 1,611</u>	<u>\$ 5,507</u>

	<u>Goodwill</u>	<u>Patents</u>	<u>Subtotal</u>
Accumulated amortization and impairment :			
January 1, 2023	\$ —	\$ 1,457	\$ 1,457
Amortization expenses	—	52	52
Disposals and Reclassification	—	—	—
Exchange effect	—	(28)	(28)
December 31,2023	<u>\$ —</u>	<u>\$ 1,481</u>	<u>\$ 1,481</u>
January 1, 2022	\$ —	\$ 1,307	\$ 1,307
Amortization expenses	—	135	135
Disposals and Reclassification	—	—	—
Exchange effect	—	15	15
December 31,2022	<u>\$ —</u>	<u>\$ 1,457</u>	<u>\$ 1,457</u>

a.Intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Patents 5~10 years

b.The Company's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value in use. The value in use was the recoverable amount calculated based on the cash flow forecast from financial budgets and adequate discount rates. The Company determine whether the goodwill had suffered an impairment loss based on the procedures mentioned aboved and a cash-generating unit to which goodwill has been allocated should be tested for impairment annually.

17.Other noncurrent assets

	<u>December 31,2023</u>	<u>December 31,2022</u>
Capacity guarantee	\$ 169,470	\$ 246,665
Balance prepaid-machinery and equipment	23,195	28,857
Rental deposit	452	708
Others	1,443	1,443
	<u>\$ 194,560</u>	<u>\$ 277,673</u>

In order to ensure steady capacity, the Company entered into some capacity reservation contracts with suppliers and paid for the purchases over the long-term prepayments in order to ensure fulfillment to the contract. The long-term prepayment will be refunded when terms and conditions set forth in the contract have been satisfied.

18.Short-term loans(December 31, 2022 : none.)

	<u>December 31,2023</u>
Secured loans	
Bank loans	<u>\$ 34,407</u>

a.The interest rates of revolving borrowings from banks for the year ended December 31, 2023 was 3.65%.

b.The details of assets pledged as collateral for short-term loans are set in Notes 15 and 33.

c.Unused credit line as of December 31, 2023 and 2022, were amounted to NT\$214,620 thousand and NT\$120,000 thousand, respectively.

19. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and wages payable	\$ 63,703	\$ 62,006
Employees' compensation and remuneration of directors payable	11,407	33,659
Service payable	3,320	3,451
Interest payable	38	1,800
Others	13,932	15,016
	<u>\$ 92,400</u>	<u>\$ 115,932</u>

20. Long-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured loans	\$ —	\$ 91,980
Less : Current portion	—	—
	<u>\$ —</u>	<u>\$ 91,980</u>
Interest rate	<u>5.83%~6.83%</u>	<u>1.44%~5.77%</u>
Expiration Year	<u>—</u>	<u>2024</u>

a. Unused credit line as of December 31 2023 and 2022 were amounted to NT\$0 thousand and NT\$91,980 thousand, respectively.

b. The details of assets pledged as collateral for long-term loans are set in Notes 13 and 33.

21. Retirement benefit plans

a. Defined contribution plans

The pension mechanism under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, PTC, Princeton Capital Corp., and CORTEX CORP. have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Furthermore, Princeton Technology (Shenzhen) Ltd. and Princeton Technology (Chengdu) Corp. are required by local regulations to make monthly contributions at certain percentages of the basic salary of their employees. Pursuant to the aforementioned Act and local regulations, the Company recognized expenses of NT\$28,749 thousand and NT\$27,540 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022, respectively. The net pension cost under the Labor Pension Act amounted to NT\$1,788 thousand and NT\$1,765 thousand were not paid as of December 31, 2023 and 2022, respectively.

b. Defined benefit plans

PTC have defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The amounts arising from the defined benefit obligation of the Company in the consolidated balance sheets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 72,329	\$ 72,267
Fair value of plan assets	<u>(60,063)</u>	<u>(56,711)</u>
Net defined benefit liability	<u>\$ 12,266</u>	<u>\$ 15,556</u>

Movements in the present value of the defined benefit obligation were as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2023	\$ 72,267	\$ (56,711)	\$ 15,556
Service cost			
Current service cost	94	—	94
Interest expense (income)	<u>881</u>	<u>(700)</u>	<u>181</u>
Recognized in profit or loss	<u>975</u>	<u>(700)</u>	<u>275</u>
Remeasurement			
Return on plan assets	—	(509)	(509)
Actuarial (gain) loss			
Changes in demographic assumptions	1	—	1
Changes in financial assumptions	269	—	269
Experience adjustments	<u>(1,183)</u>	<u>—</u>	<u>(1,183)</u>
Recognized in other comprehensive income	<u>(913)</u>	<u>(509)</u>	<u>(1,422)</u>
Contributions by plan participants	<u>—</u>	<u>(2,143)</u>	<u>(2,143)</u>
December 31, 2023	<u>\$ 72,329</u>	<u>\$ (60,063)</u>	<u>\$ 12,266</u>
	<u>2022</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2022	\$ 74,078	\$ (50,377)	\$ 23,701
Service cost			
Current service cost	156	—	156
Interest expense (income)	<u>500</u>	<u>(342)</u>	<u>158</u>
Recognized in profit or loss	<u>656</u>	<u>(342)</u>	<u>314</u>
Remeasurement			
Return on plan assets	—	(3,854)	(3,854)
Actuarial (gain) loss			
Changes in demographic assumptions	(8)	—	(8)
Changes in financial assumptions	(3,343)	—	(3,343)
Experience adjustments	<u>884</u>	<u>—</u>	<u>884</u>
Recognized in other comprehensive income	<u>(2,467)</u>	<u>(3,854)</u>	<u>(6,321)</u>
Contributions by plan participants	<u>—</u>	<u>(2,138)</u>	<u>(2,138)</u>
December 31, 2022	<u>\$ 72,267</u>	<u>\$ (56,711)</u>	<u>\$ 15,556</u>

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 11	\$ 13
Marketing expenses	23	26
General and administrative expenses	96	110
Research and development expenses	<u>145</u>	<u>165</u>
	<u>\$ 275</u>	<u>\$ 314</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- (a) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- (b) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- (c) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	<u>Measurement Date</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	<u>1.20%</u>	<u>1.25%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>
The weighted average duration of the defined benefit obligation	<u>7 years.</u>	<u>8 years.</u>

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>Measurement Date</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	<u>\$ (1,332)</u>	<u>\$ (1,446)</u>
0.25% decrease	<u>\$ 1,371</u>	<u>\$ 1,491</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,356</u>	<u>\$ 1,476</u>
0.25% decrease	<u>\$ (1,325)</u>	<u>\$ (1,439)</u>

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated balance sheets.

The Company expects to make contributions of NT\$2,095 thousand to the defined benefit plans in the next year starting from December 31, 2023.

22. Guarantee deposits

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Capacity guarantee	\$ 30,447	\$ 106,891
Others	4,864	3,144
	<u>\$ 35,311</u>	<u>\$ 110,035</u>

Capacity guarantee deposit mainly consisted of cash received under deposit agreements with customers to ensure they have access to the Company's specified capacity. Guarantee deposits will be refunded to customers when terms and conditions set forth in the deposit agreements have been satisfied.

23. Equity

a. Capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (thousand shares)	230,000	230,000
Authorized	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>
Issued and paid capital shares (thousand shares)	180,943.7	180,943.7
Issued	<u>\$ 1,809,437</u>	<u>\$ 1,809,437</u>

As of December 31, 2023 and 2022, the authorized capital shares are 230,000 thousand shares, with par value of \$10 per share entitled the right to vote and to receive dividends.

b. Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)</u>		
Premiums	\$ 1,102	\$ 1,102
<u>May be used to offset a deficit only (b)</u>		
Recognize changes in subsidiaries' ownership	39	39
Share of changes in equities of associates and joint venture	68,190	15,411
<u>May not be used for any purpose</u>		
Employee stock options	4,592	4,592
	<u>\$ 73,923</u>	<u>\$ 21,144</u>

(a) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

(b) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

According to the retained earnings distribution policy in the Incorporation of the Company, if the Company has earning upon settlement for a fiscal year, after taxes are paid by law and accumulated deficits are set off, ten percent shall be appropriated as legal earning reserves; however, if the amount of the legal earning reserves has attained the amount of paid-in

capital of the Company, no further appropriation shall be made. The remainder shall be appropriated or reversed as special earning reserves. If there still has balance, considering together with accumulated undistributed earnings, the Board of Directors shall prepare the proposal for earning distribution, which shall be submitted to the stockholders' meeting for a resolution of distribution of dividends and bonuses to stockholders.

According the amended Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of stockholders; provided. However, the amount of proposed earning distribution of current year may not be less than 50% of accumulated distributable earnings. In distributing dividends and bonuses to stockholders, the distribution may be made by stocks or cash, of which cash dividends may not be less than 50% of total amount of dividends.

The Company no longer has supervisors since June 13, 2008. The required duties of supervisors are being fulfilled by the Audit Committee.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain/loss from available-for-sale financial assets, gain/loss from changes in fair value of hedging instruments in cash flow hedges, etc. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2023 had been proposed by the Board of Directors on February 29, 2024. The Company's appropriation of earnings for 2022 was approved in the shareholders' meeting held on June 16, 2023. The appropriations and cash dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 6,016	\$ 17,295		
Special reserve	8,698	37,193		
Cash dividend to shareholders	45,236	117,613	\$ 0.25	\$ 0.65
	<u>\$ 59,950</u>	<u>\$ 172,101</u>		

The appropriations of earnings for 2023 are to be resolved in the Company's shareholders' meeting to be held on June 18, 2024 (expected).

Information about the bonus to employees and remuneration to directors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

d. Others

(a) Foreign Currency Translation Reserve

	2023	2022
Balance, beginning of year	\$ (118)	\$ (52,925)
Foreign currency translation reserve	(11,202)	63,408
Share of other comprehensive loss of subsidiaries and associates	(42)	—
Income tax effect	2,240	(10,601)
Balance, end of year	<u>\$ (9,122)</u>	<u>\$ (118)</u>

The exchange differences arising from the translation of foreign operation's net assets from its functional currency to PTC's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. When those foreign operation's net assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

(b) Changes in Unrealized gain (loss) on financial assets at FVTOCI

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ (37,075)	\$ (35,860)
Changes in unrealized gain (loss) on financial assets at FVTOCI	<u>306</u>	<u>(1,215)</u>
Balance, end of year	<u>\$ (36,769)</u>	<u>\$ (37,075)</u>

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

e. Noncontrolling interests

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 167,266	\$ 150,466
Share of noncontrolling interests:		
Net income	427	291
Other comprehensive income	<u>(33)</u>	<u>16,509</u>
Balance, end of year	<u>\$ 167,660</u>	<u>\$ 167,266</u>

24. Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Net revenue from sale of goods	\$ 1,648,431	\$ 1,938,854
Net revenue from rendering of services	<u>11,204</u>	<u>10,001</u>
Balance, end of year	<u>\$ 1,659,635</u>	<u>\$ 1,948,855</u>

Relevant information of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

a. Disaggregation of revenue

The revenue of the Company could be breakdown by major products and geographical locations, the related information was refer to Note 41. The disaggregation of revenue recognition point is as follows:

	<u>2023</u>	<u>2022</u>
Revenue recognition point:		
At a point in time	\$ 1,648,431	\$ 1,938,854
Satisfies the performance obligation over time	<u>11,204</u>	<u>10,001</u>
	<u>\$ 1,659,635</u>	<u>\$ 1,948,855</u>

b. Contract balances

	<u>2023</u>	<u>2022</u>
Contract liabilities - current		
Sales of goods	<u>\$ 7,678</u>	<u>\$ 17,581</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized revenue from the beginning balance of contract liability, which amounted to NT\$17,293 thousand and NT\$5,160 thousand for the years ended December 31, 2023 and 2022, respectively.

c. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all lower than one year.

d. Assets recognized from costs to fulfil a contact: None.

25. Additional information of expenses by nature

As of December 31, 2023 and 2022, the Company's employees numbered 323 and 314, respectively. There were 7 and 6 non-employee directors.

The Company's net income includes the following items:

	2023			2022		
	As cost of goods sold	As operating expenses	Total	As cost of goods sold	As operating expenses	Total
Employment expenses						
Salaries	\$ 4,534	\$ 282,042	\$ 286,576	\$ 6,442	\$ 305,162	\$ 311,604
Insurance	685	16,362	17,047	649	15,595	16,244
Pension						
Defined contribution plans	271	28,478	28,749	286	27,254	27,540
Defined benefit plans	11	264	275	13	301	314
Remuneration of directors	—	1,297	1,297	—	3,580	3,580
Others	364	9,220	9,584	384	9,717	10,101
	<u>\$ 5,865</u>	<u>\$ 337,663</u>	<u>\$ 343,528</u>	<u>\$ 7,774</u>	<u>\$ 361,609</u>	<u>\$ 369,383</u>
Depreciation expenses	<u>\$ 830</u>	<u>\$ 53,041</u>	<u>\$ 53,871</u>	<u>\$ 836</u>	<u>\$ 48,714</u>	<u>\$ 49,550</u>
Amortization expenses	<u>\$ —</u>	<u>\$ 52</u>	<u>\$ 52</u>	<u>\$ —</u>	<u>\$ 135</u>	<u>\$ 135</u>

In accordance with to the R.O.C. Company Act and the articles of incorporation of the Company, the Company shall allocate 5%~20% of profit as employees' profit sharing bonus and no more 1.5% of profit as directors' compensation for each profitable fiscal year. However, the Company's accumulated losses shall be reserved. The employees' profit sharing bonus under the preceding paragraph will be entitled to receive shares or cash. The employees of the PTC's subsidiaries who fulfill specific requirements finalized by the Board of Directors may be granted such bonus. The appropriations of profit sharing bonus to employees and compensation to directors shall be submitted to the stockholders' meeting.

The Company's profit sharing bonus to employees and compensation to directors for 2023 and 2022 were accrued at NT\$ 11,407 thousand and NT\$ 33,659 thousand, respectively.

The amount of remuneration distribution to employees and directors approved by the Company's board of directors on March 1, 2023 was different from the amount recognized in the annual consolidated financial report, and the difference had been adjusted to the profit and loss for 2023.

The differences of the amounts between the resolved and accrual amounts of the profit sharing bonus to employees and the compensation to directors resulted from changing the base of the estimate and had been adjusted in profit and loss for the next year.

Information about the profit sharing bonus to employees and compensation to directors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

26. Other income

	2023	2022
Interest income		
Bank deposits	\$ 3,403	\$ 3,334
Others	1	5
	<u>\$ 3,404</u>	<u>\$ 3,339</u>

27. Other gains and losses

	<u>2023</u>	<u>2022</u>
Other gains:		
Net gain on financial instruments at FVTPL	\$ 18,431	\$ —
Gain on disposal of property, plant and equipment, net	118	43
Rent Income	12,200	12,515
Net exchange gain	56	17,044
Others	38,330	14,675
	<u>69,135</u>	<u>44,277</u>
Other losses:		
Net loss on financial instruments at FVTPL	—	(9,404)
Others	(589)	(257)
	<u>(589)</u>	<u>(9,661)</u>
	<u>\$ 68,546</u>	<u>\$ 34,616</u>

28. Finance costs

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest Expense:		
Bank deposits	\$ 2,222	\$ 2,843
Lease liabilities	—	9
	<u>\$ 2,222</u>	<u>\$ 2,852</u>

29. Income tax**a. Income tax benefit consisted of the following****(a) Income tax benefit recognized in profit or loss:**

	<u>2023</u>	<u>2022</u>
Current income tax expense		
Current tax expense recognized for the current period	\$ 42	\$ 823
Income tax adjustments on prior years	(217)	(1,425)
	<u>(175)</u>	<u>(602)</u>
Deferred income tax expense		
Temporary differences	(2,069)	(1,067)
	<u>(2,069)</u>	<u>(1,067)</u>
Income tax benefit recorded in profit or loss	<u>\$ (2,244)</u>	<u>\$ (1,669)</u>

(b) Income tax (benefit) expense recognized in other comprehensive income:

	<u>2023</u>	<u>2022</u>
Deferred income tax expense		
Foreign currency translation reserve	\$ (2,240)	\$ 10,601
Remeasurement of defined benefit plan	284	1,264
	<u>\$ (1,956)</u>	<u>\$ 11,865</u>

b. The differences between the expected income tax based on the pre-tax income at the statutory income tax rate and the actual income tax benefit reported in the accompanying statements of income are summarized as follows:

	2023	2022
Expected income tax expenses calculated using the statutory tax date	\$ 2,102	\$ 37,269
Additional income tax on the unappropriated earnings	42	—
Tax adjustments of previous year	(217)	(1,425)
Permanent differences	(2,523)	(1,237)
Research and development tax credits	—	(4,295)
Tax loss carry forward	(8,953)	(25,970)
Loss (Gain) recognized by equity method	6,315	(2,889)
Loss (Gain) on decline in value of inventory	990	(3,117)
Loss on allowance for doubtful accounts	—	(5)
Income tax benefit recorded in profit or loss	<u>\$ (2,244)</u>	<u>\$ (1,669)</u>

Princeton Technology (Shenzhen) Ltd. and Princeton Technology (Chengdu) Corp. amended income tax rate of 25% in accordance with the law of the “People's Republic of China on Enterprise Income Tax” and related laws.

Princeton Technology (Chengdu) Corp. and Chengdu Chip-Rail Microelectronics Co., Ltd. meet the regulations has the local taxation bureau filed and approved the application of high-tech enterprises within three years from 2022 and 2023 had been approved to apply preferential tax rate is 15%.

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax receivable	<u>\$ 530</u>	<u>\$ 481</u>

d. The analysis of deferred income tax in the consolidated balance sheets was as follows:

Year Ended December 31, 2023	Balance, Beginning of Year	Recognized in			Exchange effect	Balance, End of Year
		Profit or Loss	Other Comprehensive Income			
Deferred income tax assets						
Loss on decline value of inventory	\$ 11,388	\$ 260	\$ —	\$ (56)	\$	11,592
Unrealized intercompany profits	52	448	—	—		500
Others	1,211	193	—	(14)		1,390
	<u>\$ 12,651</u>	<u>\$ 901</u>	<u>\$ —</u>	<u>\$ (70)</u>	<u>\$</u>	<u>13,482</u>
Deferred income tax liabilities						
Unrealized foreign exchange gain	\$ 2,055	\$ (1,168)	\$ —	\$ —	\$	887
Foreign currency translation reserve	4,335	—	(2,240)	—		2,095
Actuarial gains and losses on defined benefit plan	1,336	—	284	—		1,620
	<u>\$ 7,726</u>	<u>\$ (1,168)</u>	<u>\$ (1,956)</u>	<u>\$ —</u>	<u>\$</u>	<u>4,602</u>

Year Ended December 31, 2022	Balance, Beginning of Year	Recognized in			Exchange effect	Balance, End of Year
		Profit or Loss	Other Comprehensive Income			
Deferred income tax assets						
Loss on decline value of inventory	\$ 7,373	\$ 3,939	\$ —	\$ 76	\$ 11,388	
Unrealized intercompany profits	145	(93)	—	—	52	
Unrealized foreign exchange loss	731	(731)	—	—	—	
Foreign currency translation reserve	6,266	—	(6,266)	—	—	
Others	1,161	7	—	43	1,211	
	<u>\$ 15,676</u>	<u>\$ 3,122</u>	<u>\$ (6,266)</u>	<u>\$ 119</u>	<u>\$ 12,651</u>	
Deferred income tax liabilities						
Unrealized foreign exchange gain	\$ —	\$ 2,055	\$ —	\$ —	\$ 2,055	
Foreign currency translation reserve	—	—	4,335	—	4,335	
Actuarial gains and losses on defined benefit plan	72	—	1,264	—	1,336	
Subtotal	<u>\$ 72</u>	<u>\$ 2,055</u>	<u>\$ 5,599</u>	<u>\$ —</u>	<u>\$ 7,726</u>	

e. Investment tax credits, tax loss carry forward and five-year exemption from tax on income from sales:

There were no unused investment tax credits available as of December 31, 2023.

Tax loss carry forward were as follows:

	Unused tax loss carry forward	Expiration date
PTC	\$ 34,697	December 31, 2031
Princeton Capital Corp.	45,404	December 31, 2032
Princeton Technology(Shenzehn) Corp.	5,322	December 31, 2033
Princeton Technology(Chengdu) Corp.	116,327	December 31, 2033
	<u>\$ 201,750</u>	

f. Income tax examination

The tax authorities have examined income tax returns of PTC and Princeton Capital Corp. through 2021.

30. Earning per shares

	2023	2022
<u>Earning per shares</u>		
Basic EPS	<u>\$ 0.33</u>	<u>\$ 0.93</u>
Diluted EPS	<u>\$ 0.33</u>	<u>\$ 0.92</u>
<u>Net income</u>		
Net income used to compute the basic and diluted EPS	<u>\$ 59,026</u>	<u>\$ 167,891</u>
<u>The number of common stocks(in thousands)</u>		
Weighted average number of common shares outstanding used in the computation of basic EPS	180,944	180,944
Effect of dilutive potential common shares:		
Compensation of employees	336	1,033
Weighted average number of common shares used in the computation of diluted EPS	<u>\$ 181,280</u>	<u>\$ 181,977</u>

31. Cash flow information

a. Non-cash transactions:

	2023	2022
Additions of property, plant and equipment	\$ 41,334	\$ 29,509
Changes in prepaid to contractors and equipment suppliers	(5,663)	7,951
Changes in payables to contractors and equipment suppliers	2	(1)
Payments for acquisition of property, plant and equipment	<u>\$ 35,673</u>	<u>\$ 37,459</u>

b. Reconciliation of liabilities arising from financing activities:

Year Ended December 31, 2023	Balance, Beginning of Year	Financing Cash Flow	Non-cash changes		Balance, End of Year
			Other Changes		
Short-term loans	\$ —	\$ 34,407	\$ —		\$ 34,407
Long-term loans	91,890	(91,965)	(15)		—
Guarantee deposits	110,035	(74,724)	—		35,311
	<u>\$ 202,015</u>	<u>\$ (132,282)</u>	<u>\$ (15)</u>		<u>\$ 69,718</u>

Year Ended December 31, 2022	Balance, Beginning of Year	Financing Cash Flow	Non-cash changes		Balance, End of Year
			Other Changes		
Lease liabilities	\$ 1,450	\$ (1,450)	\$ —		\$ —
Long-term loans	82,890	—	9,090		91,980
Guarantee deposits	110,334	(299)	—		110,035
	<u>\$ 194,674</u>	<u>\$ (1,749)</u>	<u>\$ 9,090</u>		<u>\$ 202,015</u>

32. Related-party transactions

Intercompany balances and transactions between PTC and its subsidiaries, which are related parties of PTC, have been eliminated upon consolidation; therefore those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

a. Related party name and nature of relationship

Related Parties	Relationship
Morelink Technology Corporation	Associates
Foresight Energy Technology Co., Ltd.	Associates
All directors, supervisors, general manager and deputy general manager	Main manager echelon of the Company

b. Sales

	2023	2022
Associates	<u>\$ 53</u>	<u>\$ 118</u>

The sales to the above related parties were dealt with in the ordinary course of business with the sales price made in the way similar to the sales to third-party customers. The collection period for the third-party customers was 60~90 days, while the terms for related parties, associates was 60 days.

c. Professional fee

	Account	2023	2022
Associates	Other revenue	<u>\$ 743</u>	<u>\$ 531</u>

d. Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables		
Associates	\$ <u>65</u>	\$ <u>47</u>

e. Others

The situation of the cash capital increase and investment increase of the involved parties of the Company is as follows :

	For the year ended							
	<u>December 31, 2023</u>				<u>December 31, 2022</u>			
	<u>Increase investment</u>		<u>%</u>		<u>Increase investment</u>		<u>%</u>	
	<u>Shares</u>	<u>Carrying value</u>	<u>Before</u>	<u>After</u>	<u>Shares</u>	<u>Carrying value</u>	<u>Before</u>	<u>After</u>
Foresight Energy Technology Co., Ltd.	615	\$ <u>14,760</u>	15.84%	8.80%	—	\$ <u>—</u>	—	—

f. Compensation of key management personnel

	<u>2023</u>		<u>2022</u>	
Short-term employee benefits	\$	14,968	\$	14,867
Retirement benefits		215		215
	\$	<u>15,183</u>	\$	<u>15,082</u>

The information about the Company's appropriation of remuneration to all directors, supervisors, general manager and deputy general manager is available on the shareholders' meeting annual report.

33. Assets mortgaged or pledged

As of December 31, 2023 and 2022, the following assets had been pledged or mortgaged as collateral:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	\$ 109,748	\$ 44,259
Investment Property	248,896	—
Other financial assets-bank deposits	2,031	2,065
Land	—	116,748
	\$ <u>360,675</u>	\$ <u>163,072</u>

34. Significant contingent liabilities and unrecognized commitments

1. Under certain agreement, the Company shall pay royalties at a percentage of net sales (as defined in the agreement) with respect to certain products.
2. In order to ensure steady capacity, the Company entered into some capacity reservation contracts with suppliers and paid for the purchases over the long-term prepayments in order to ensure fulfillment to the contract. The long-term prepayment will be refunded when terms and conditions set forth in the contract have been satisfied.

35. Significant loss: None.

36. Subsequent events: None.

37. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value.

The management reviews the capital structure of the Company quarterly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. According to the management's suggestion, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing treasury stock, proceeds from new debt or repayment of debt.

38. Disclosure of financial instruments

a. Fair values of financial instruments :

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified financial assets as at FVTPL	\$ 381,525	\$ 235,301
FVTOCI		
Equity instruments	51,281	8,201
Financial assets measured at amortized cost (Note 1)	742,216	1,009,161
	<u>\$ 1,175,022</u>	<u>\$ 1,252,663</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)		
	<u>\$ 274,624</u>	<u>\$ 481,480</u>

Note 1: Including cash and cash equivalents, contract assets, notes & accounts receivable-net, other receivables, refundable deposit and other financial assets.

Note 2: Including short-term loans, notes & accounts payable, other payables, long-term loans (including current portion), refundable deposits and other financial liabilities.

b. Fair value of financial instruments

(a) The Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Fair value of financial instruments carried at amortized cost

The Company considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

(c) Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value:

	<u>December 31, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Wealth management products	\$ —	\$ 255,945	\$ —	\$ 255,945
Mutual funds	50,857	—	—	50,857
Listed stocks	32,432	—	—	32,432
Limited partnerships	—	—	42,291	42,291
	<u>\$ 83,289</u>	<u>\$ 255,945</u>	<u>\$ 42,291</u>	<u>\$ 235,301</u>
<u>Financial assets at FVTOCI</u>				
Listed stocks through private placement	\$ —	\$ —	\$ 2,175	\$ 2,175
Unlisted equity investment	—	—	49,106	49,106
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 51,281</u>	<u>\$ 51,281</u>

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Financial products	\$ —	\$ 192,245	\$ —	\$ 192,245
Listed stocks	22,061	—	—	22,061
Limited partnerships	—	—	20,995	20,995
	<u>\$ 22,061</u>	<u>\$ 192,245</u>	<u>\$ 20,995</u>	<u>\$ 235,301</u>
<u>Financial assets at FVTOCI</u>				
Listed stocks through private placement	\$ —	\$ —	\$ 3,626	\$ 3,626
Unlisted equity investment	—	—	4,575	4,575
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,201</u>	<u>\$ 8,201</u>

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

(d) Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks and money market funds).
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair values of private funds are determined using the asset based approach. The Company assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Company assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.

(e) Reconciliation of Level 3 recurring fair value measurements of financial instruments:

	Financial Assets at FVTPL	Financial Assets at FVTOCI	Subtotal
For the year ended December 31, 2023			
Balance, beginning of Year	\$ 20,995	\$ 8,201	\$ 29,196
Additional/ Disposals	19,500	42,774	62,274
Recognized in profit or loss	1,796	—	1,796
Recognized in other comprehensive income	—	306	306
Balance, end of Year	<u>\$ 42,291</u>	<u>\$ 51,281</u>	<u>\$ 93,572</u>
For the year ended December 31, 2022			
Balance, beginning of Year	\$ —	\$ 9,416	\$ 9,416
Additional/ Disposals	21,000	—	21,000
Recognized in profit or loss	(5)	—	(5)
Recognized in other comprehensive income	—	(1,215)	(1,215)
Balance, end of Year	<u>\$ 20,995</u>	<u>\$ 8,201</u>	<u>\$ 29,196</u>

(f) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement:

As of December 31, 2023:

Financial assets :

Financial assets at FVTOCI :

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of the inputs to fair value
Stock	Market Approach	Price-Book ratio of similar entities	7.55	The higher the Price-Book ratio of similar entities, the higher the fair value estimated	10% increase (decrease) in the Price-Book ratio of similar entities would result in an increase (decrease) in equity by NT\$217 thousand
Stock, Equity investment	Assets Approach	Lack of marketability and Price-Book ratio of similar entities	2.69-38.36	The higher the lack of marketability, the lower the fair value estimated	10% increase (decrease) in the Price-Book ratio of the equity instruments would result in an increase (decrease) in equity by NT\$435 thousand

As of December 31, 2022:

Financial assets :

Financial assets at FVTOCI :

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of the inputs to fair value
Stock	Market Approach	Price-Book ratio of similar entities	12.59	The higher the Price-Book ratio of similar entities, the higher the fair value estimated	10% increase (decrease) in the Price-Book ratio of similar entities would result in an increase (decrease) in equity by NT\$363 thousand
Stock	Assets Approach	Lack of marketability and Price-Book ratio of similar entities	0.55-39.06	The higher the lack of marketability, the lower the fair value estimated	10% increase (decrease) in the Price-Book ratio of the equity instruments would result in an increase (decrease) in equity by NT\$457 thousand

c. Financial risk management objectives

The Company seeks to ensure sufficient cost-efficient funding readily available when needed. The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Audit Committees and/or Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

(a) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries. Some assets and liabilities of the Company denominated in the same

foreign currency and were expected to mostly offset gains or losses of changes in foreign exchange rate. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The carrying amounts of significant foreign currency denominated monetary assets and monetary liabilities are as follows:

	December 31, 2023		December 31, 2022	
	Foreign Currency (thousand)	Exchange Rate	Foreign Currency (thousand)	Exchange Rate
(Foreign currencies : functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : TWD	\$ 15,653	30.655	\$ 17,471	30.66
JPY : TWD	35,661	0.2152	7,953	0.2304
CNY : USD	159,333	0.1403	173,607	0.1430
HKD : TWD	5	3.899	5	3.908
EUR : TWD	2	33.78	2	32.52
<u>Non-monetary items</u>				
CNY : USD	\$ 151,829	0.1516	\$ 155,797	0.1517
USD : TWD	1,460	30.655	—	—
<u>Investments accounted for under the equity method</u>				
USD : TWD	\$ 28,697	30.655	\$ 29,878	30.66
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : TWD	\$ 4,013	30.755	\$ 10,817	30.76
JPY : TWD	1,232	0.2192	166	0.2344
CNY : USD	28,622	0.1403	27,884	0.1430

The Company's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming depreciation / appreciation of 1% in the foreign exchanges against the New Taiwan dollar, the net income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$9,265 thousand and NT\$8,448 thousand, respectively.

(b) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans at floating interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Sensitivity analysis of interest is calculated based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period.

If interest rates had been 0.25% higher/lower, the Company's net income for the years ended December 31, 2023 and 2022 would increase/decrease by NT\$3 thousand and NT\$100 thousand respectively.

(c) Other price risk

The Company were exposed to equity price risk through their investments in Financial assets at FVTPL.

A change of 5% in the price of the listed stocks classified under at fair value through profit or loss could cause the net income for the years ended December 31, 2023 and 2022 to increase/decrease by NT\$4,164 thousand and NT\$1,103 thousand.

The sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy. Please refer to Note 38.

e. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

(a) Business related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors which may affect the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions. The Company holds some of the credit enhancements such as prepayments and collateral to mitigate its credit risks.

As of December 31, 2023 and 2022, the Company's ten largest customers accounted for 82% and 86% of total trade receivables, respectively.

(b) Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits, fixed income investments and other financial instruments were evaluated and monitored by Corporate Treasury function. The Company only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

f. Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	December 31, 2023				
	Less Than 1 Year	2-3 Years	4 to 5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable (including related parties)	\$ 34,407	\$ —	\$ —	\$ —	\$ 34,407
Accounts payable (including related parties)	112,506	—	—	—	112,506
Other payables	92,400	—	—	—	92,400
	<u>\$ 239,313</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 239,313</u>
	December 31, 2022				
	Less Than 1 Year	2-3 Years	4 to 5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable (including related parties)	\$ 163,533	\$ —	\$ —	\$ —	\$ 163,533
Other payables	115,932	—	—	—	115,932
Long-term loans (including current portion)	—	91,980	—	—	91,980
	<u>\$ 279,465</u>	<u>\$ 91,980</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 371,445</u>

39.Reclassifications

Certain 2022 accounts have been reclassified to conform to the 2023 financial statement presentation.

40.Additional disclosures

Following are the additional disclosures:

- a.Financial provided : Table 1 (attached)
- b.Endorsement/guarantee provided : Table 2 (attached)
- c.Marketable securities held (excluding investments in subsidiaries and jointly controlled entities): Table 3 (attached)
- d.Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital : None
- e.Acquisition of individual real estates at costs of at least NT\$300 million or 20% of the paid-in capital : None
- f.Disposal of individual real estates at costs of at least NT\$300 million or 20% of the paid-in capital : None
- g.Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : Table 4 (attached)
- h.Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None
- i.Derivate financial transaction : None
- j.Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 5 (attached)
- k.Names, locations and related information of investees on which the Company exercises significant influence : Table 6 (attached)
- l.Investment in Mainland China : Table 7 (attached)
- m.Information of major shareholder : Table 8 (attached)

41.Operating segments information

- a.The Company mainly develops, design, testing and sales of high quality, high value-added consumer integrated circuits (ICs) and operates in the IC design industry only.
- b.Major product and service revenue:

	2023		2022	
Integrated circuits (ICs) revenue	\$	1,648,431	\$	1,938,854
Design revenue		11,204		10,001
	\$	<u>1,659,635</u>	\$	<u>1,948,855</u>

- c.Operations in different geographic areas :

Area	2023		2022	
	Revenue	Noncurrent assets	Revenue	Noncurrent assets
Japan	\$ 909,534	\$ —	\$ 917,043	\$ —
Mainland China(including HK)	638,159	520,325	857,079	540,462
Taiwan	84,508	436,793	118,544	456,819
Korea	10,403	—	18,107	—
Other	17,031	—	38,082	—
	<u>\$ 1,659,635</u>	<u>\$ 957,118</u>	<u>\$ 1,948,855</u>	<u>\$ 997,281</u>

d. Major customers with sales at least 10% of the Company's total sales were as follows:

	2023		2022	
	Amount	Percentage of net sales	Amount	Percentage of net sales
C16	\$ 596,395	35.94	\$ 580,626	29.77
C3	173,068	10.43	268,450	13.76
C6	33,435	2.01	216,589	11.10
	<u>\$ 802,898</u>	<u>48.38</u>	<u>\$ 1,065,665</u>	<u>54.63</u>

Table 1

Financial provided

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and RMB Dollars, unless otherwise specified)

No	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 1)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 3)	Financing Company's Total Financing Amount Limits (Notes 4)
													Item	Value		
1	Princeton Technology (Shenzhen) Ltd..	Princeton Technology (Chengdu) Corp.	Other receivables from related parties	Yes	RMB30,000	RMB30,000	—	3.65% ~ 4.75%	Note 2	—	Operating capital	—	—	—	140,205	175,256

Note1 : The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note2 : The need for short-term financing.

Note3 : The amount that can be financing limits for each borrowing company is 40% of the guarantor's net assets.

(NT\$ 350,512× 40% = NT\$140,205)

Note4 : The amount that can be financing company's total financing is 50% of the guarantor's net assets.

(NT\$ 350,512× 50% = NT\$175,256)

Table 2

Endorsement/guarantee provided

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and US Dollars, unless otherwise specified)

No	Endorser/ guarantor	Counter-party		Limits on endorsement/ guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Value of collaterals property, plant, or equipment	Ratio of accumulated amount of collateral to net equity as shown in the latest financial statement	Maximum collateral/ guarantee amounts allowable	The holding company to subsidiary	Subsidiary to holding company	Endorsement/ guarantee t in Mainland China
		Name	Nature of relationship with the endorser/guarant or										
0	Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	Equity-method investee of Princeton Silicon Inc.	921,484	USD 6,000	—	—	—	—	1,003,394	Y	—	Y

Note1 : The maximum amount that can be guaranteed to individual counter-party is 45% of the guarantor's net assets.

$$(NT\$ 2,047,743 \times 45\% = NT\$921,484)$$

Note2 : The maximum amount that can be guaranteed is 49% of the guarantor's net assets.

$$(NT\$ 2,047,743 \times 49\% = NT\$1,003,394)$$

Table 3

Marketable securities held
For the year ended December 31, 2023

(Shares in thousands ,Amounts in Thousands of New Taiwan Dollars, unless specified)

Investor	Description of Stock	Relationship with the Investor	Financial statement account	December 31, 2023			
				Shares	Carrying value	Percentage of ownership	Fair Value
Princeton Technology Corp.	Unlisted common stock	—	Financial assets at FVTOCI	1,500	4,350	—	4,350
Princeton Capital Corp.	Fund	—	Financial assets at FVTPL- current	1,219	20,222	—	20,222
Princeton Capital Corp.	Fund	—	Financial assets at FVTPL- current	1,451	20,229	—	20,229
Princeton Capital Corp.	Fund	—	Financial assets at FVTPL- current	449	5,426	—	5,426
Princeton Capital Corp.	Fund	—	Financial assets at FVTPL- current	500	4,980	—	4,980
Princeton Capital Corp.	Listed common stock	—	Financial assets at FVTPL- current	56	874	—	874
Princeton Capital Corp.	Listed common stock	—	Financial assets at FVTPL- current	2,566	31,558	—	31,558
Princeton Capital Corp.	Limited partnership	—	Financial assets at FVTPL – non current	—	12,552	—	12,552
Princeton Capital Corp.	Limited partnership	—	Financial assets at FVTPL – non current	—	29,739	—	29,739
Princeton Capital Corp.	Listed stock through private	—	Financial assets at FVTOCI	288	2,175	—	2,175
Princeton Technology (Shenzhen) Ltd.	Wealth management products	—	Financial assets at FVTPL- current	25,090	109,452	—	109,452
Chengdu Chip-Rail/Microelectronics Co.,Ltd.	Wealth management products	—	Financial assets at FVTPL- current	2,000	8,605	—	8,605
Chengdu Chip-Rail/Microelectronics Co.,Ltd.	Wealth management products	—	Financial assets at FVTPL- current	2,000	8,604	—	8,604
Chengdu Chip-Rail/Microelectronics Co., Ltd.	Wealth management products	—	Financial assets at FVTPL- current	22,000	94,835	—	94,835
Chengdu Chip-Rail/Microelectronics Co.,Ltd.	Wealth management products	—	Financial assets at FVTPL- current	3,000	12,926	—	12,926
Chengdu Chip-Rail/Microelectronics Co.,Ltd.	Wealth management products	—	Financial assets at FVTPL- current	5,000	21,523	—	21,523
Princeton Silicon LTD	Unlisted equity investment	—	Financial assets at FVTOCI	—	44,756	3.07%	44,756

Table 4

Total purchase from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital
 For years ended December 31, 2023
 (Amounts in Thousands of New Taiwan Dollars, unless specified)

Related Party	Nature of relationship	Transaction Details			Abnormal transaction		Notes/accounts payable or receivable		Note
		Purchase /sale	Amount	% to Total	Payment term	Unit price	Payment terms	Ending balance	
Princeton Technology (Chengdu) Corp.	Equity-method investee of Princeton Silicon Inc.	Sales	179,249	10.80%	OA90days	—	—	Accounts receivable 48,607	15.07%

Table 5

Significant intercompany transactions between consolidated entities
For the years ended December 31, 2023

(Shares in thousands ,Amounts in Thousands of New Taiwan Dollars, unless specified)

Related Party	Counterparty	Relationship with the Company(Note1)	Transactions				Percentage of consolidated operating revenues or consolidated total assets (Note 2)
			Account	Amount	Terms		
Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	1	Sales	179,249	No significant difference	10.80%	
Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	1	Purchase	26,071	No significant difference	1.57%	
Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	1	Manufacturing expenses	3,150	No significant difference	0.19%	
Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	1	Accounts receivable	48,607	No significant difference	1.93%	
Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	1	Accounts payable	1,659	No significant difference	0.07%	
Princeton Technology (Shenzhen) Ltd.	Princeton Technology (Chengdu) Corp.	2	Service incomes	11,905	No significant difference	0.72%	
Princeton Technology (Shenzhen) Ltd.	Princeton Technology (Chengdu) Corp.	2	Accounts receivable	1,215	No significant difference	0.05%	
Princeton Technology (Shenzhen) Ltd.	Princeton Technology (Chengdu) Corp.	2	Interest income	1,375	No significant difference	0.08%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Sales	4,280	No significant difference	0.26%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Purchase	920	No significant difference	0.06%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Rental incomes	1,240	No significant difference	0.07%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Service incomes	524	No significant difference	0.03%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Other incomes	357	No significant difference	0.02%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Accounts receivable	533	No significant difference	0.02%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Other advances	246	No significant difference	0.01%	
Princeton Technology (Chengdu) Corp.	Chengdu Chip-Rail Microelectronics Co., Ltd.	2	Refundable deposits	319	No significant difference	0.01%	
Princeton Technology (Chengdu) Corp.	Princeton Technology (Shenzhen) Ltd.	2	Rental incomes	961	No significant difference	0.06%	

Note 1: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. The subsidiary company to subsidiary.

Note 2: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, cumulative balances are used as basis.

Table 6

Name, locations, and other information of investee on which the Company exercises significant influence

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and Chinese Yuan, unless otherwise specified)

Investor	Investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2023		Percentage of ownership	Carrying value	Net income (loss) of the investee	Equity in net income (net loss)
				Dec 31, 2023	Dec 31, 2022	Shares (in thousand)					
Princeton Technology Corp.	Princeton Silicon LTD	Hong Kong	Holding company	1,056,197	1,009,632	33,500	921,880	100.00%		(23,776)	(27,167)
Princeton Technology Corp.	Princeton Capital Corp.	Taiwan	Investment holding	150,000	150,000	15,000	202,778	100.00%		7,763	7,763
Princeton Technology Corp.	Microlink Communications Inc.	Taiwan	Wireless communications products research, manufacture and sales & marketing	80,000	80,000	8,000	—	25.00%		(1,053)	—
Princeton Technology Corp.	Morelink Technology Corporation	Taiwan	Wireless communications products and Electronic components maintenance & sales; Importer of Restricted RF/Telecom device	15,800	15,800	1,580	2,899	7.87%		(48,350)	(3,823)
Princeton Technology Corp.	Foresight Energy Technology Co., LTD	Taiwan	Electronic components and battery manufacturing, Electric equipment wholesale, Electronic material wholesale and sales	13,442	13,442	1,344	17,362	2.59%		(45,370)	(2,602)
Princeton Capital Corp.	Foresight Energy Technology Co., LTD	Taiwan	Electronic components and battery manufacturing, Electric equipment wholesale, Electronic material wholesale and sales	40,905	26,145	3,229	41,711	6.21%		(45,370)	(5,744)
Princeton Technology (Shenzhen) Ltd.	Chengdu Chip-Rail Microelectronics Co., Ltd.	China	Computer systems development, IC design, computer hardware and software design and technical services	RMB 16,530	RMB 16,530	6,375	RMB 39,249	51.00%		RMB 200	RMB 102

Table 7
Investment in Mainland China
For the year ended December 31, 2023
(Amounts in Thousands of New Taiwan Dollars and US Dollars, unless otherwise specified)

Investee	Main business and products	Total amount of paid-in capital	Investment type	Accumulated outflow of investment from Taiwan as of December 31, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income of the investee of the investee	% Ownership director or indirect investment	Investment gain(loss)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Princeton Technology (Shenzhen) Ltd.	IC sales, design & marketing and software research; the research and development of separators for lithium-ion batteries; communications equipment technical consulting and after-sale service	417,942 (USD13,000)	Indirect: Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	417,942 (USD13,000)	-	-	417,942 (USD13,000)	(8,940) (USD (288))	100%	(8,762)	350,512	-
Princeton Technology (Chengdu) Corp.	IC design and software research, technology transfer; technical consulting, after-sales service; modular design of electronic systems, development and sale; IC sale, import and export, communications equipment research, sales, import and export, technical consulting, after-sale service; lithium-ion batteries research, sales, import and export; own house rental	591,690 (USD19,000)	Indirect: Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	591,690 (USD19,000)	-	-	591,690 (USD19,000)	(16,934) (USD(545))	100%	(17,017)	529,180	-
ARK HDPS SEMICON DUCTOR PTE. (Shenzhen) Ltd.	R&D and sales of semiconductors, testing equipment, automation equipment, electromechanical equipment and related equipment, materials and consumables; related technical consulting, technology transfer and scientific and technological services; technology development, technology transfer and technical services in the field of new energy; import and export related matters	RMB10,905	Indirect: Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	-	43,343 (USD1,396)	-	43,343 (USD1,396)	(207,784) (RMB (6,686))	3.07%	Note2	44,756	-
Accumulated investment in Mainland China as of December 31, 2023				Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment defined by Investment Commission, MOEA(Note1)							
1,052,975(USD 33,396)				1,056,197(USD 33,500)	1,228,646							

Note1: Recognition of the upper limit was based on audited financial statement as of December 31, 2023. The limit was NT\$1,217,300 (NT\$2,047,743 × 60% = NT\$1,228,646)

Note2: Financial assets measured at FVTOCI – non-current.

Table 8
Information on major shareholders
For the year ended December 31, 2023

Shareholders	Shares	
	Total Shares Owned (In Thousands)	Ownership Percentage
Chiang Tsang An	11,557	6.38%

Note1 :The Table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDCC) calculates the total number of ordinary shares and special shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's consolidated financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to difference in the basis of calculation.

Princeton Technology Co., Ltd.
Statement of Internal Control System

Date: February 29, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. Control the environment, 2. Risk Assessment, 3. Control operations, 4. Information and Communication, and 5. Monitor the operation. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has adopted the aforesaid assessment items 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 determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on February 29, 2024, and out of the eight directors in attendance, none had dissenting opinions of it, and all approved the content expressed in this statement.