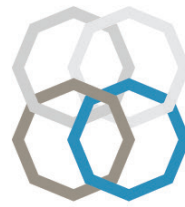


Stock Code: 6672



**ventec**  
INTERNATIONAL GROUP  
騰輝電子



# 2022 Annual Report

## Ventec International Group Co., Ltd.

Printed Date: 2023/5/4

Taiwan Stock Exchange Market Observation Post System:  
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Wherever **technology**  
takes you, Ventec delivers

無論將來科技如何發展、  
騰輝總能不負所託

[ventec laminates.com](https://ventec laminates.com)

1、 Name of the spokesperson and acting spokesperson, job title, contact telephone, and email address:

Spokesperson: Tu, Jennifer	Title: Chief Financial Officer
Telephone: (86) 512-6809-1810	Email: <a href="mailto:jennifer@ventec.com.cn">jennifer@ventec.com.cn</a>
Acting Spokesperson: Lee, Susan	Title: : Senior General Manager
Telephone: (86) 512-6809-1810	Email: <a href="mailto:susanlee@ventec.com.cn">susanlee@ventec.com.cn</a>

2、 Headquarters, primary place of business, subsidiary and factory information:

(1) Head office

Name: Ventec International Group Co.,Ltd.  
Address: The Grand Pavilion Commercial Centre, Oleander Way,802 West Bay Road,  
P.O. Box 32052,Grand Cayman Ky1-1208,Cayman Islands  
Website: <http://www.ventec-group.com>  
Telephone: (86) 512-6809-1810

(2) Samoa subsidiary

Name: Ventec International Group Limited(SAMOA)  
Address: Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road,  
Apia, Samoa  
Website: -  
Telephone: (86) 512-6809-1810

(3) British Virgin Islands subsidiary

Name: Ventec Logistics Limited.  
Address: OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands  
Website: -  
Telephone: (86) 512-6809-1810

(4) Hong Kong subsidiary

Name: Ventec International Group Limited(HK).  
Address: 14th Floor, Chung Pont Commercial Building, 300 Hennessy Road, Wanchai,  
Hong Kong.  
Website: -  
Telephone: (86) 512-6809-1810

(5) Hong Kong subsidiary

Name: Ventec Electronics (HK) Company Limited.  
Address: 14th Floor, Chung Pont Commercial Building, 300 Hennessy Road, Wanchai,  
Hong Kong.  
Website: -  
Telephone: (86) 512-6809-1810

(6) Taiwan subsidiary

Name: Ventec Electronics Corporation  
Address: 10F., Gongye 5th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)  
Website: -  
Telephone: (886) 3- 4195-901

(7) China subsidiaries

Name: Ventec Electronics (Suzhou) Co., Ltd.

Address: No. 308, Taishan Road, New District, Suzhou City, Jiangsu Province, China 215129

Website: -

Telephone: (86)512-6809-1810

Name: Ventec Electronics (Suzhou) Co., Ltd Shenzhen Branch

Address: 101,Building A,The Third Branch Of Rapoo&Space Life Science Park,No.22 Jinxiu East Road, Jinsha Community, Kengzi Street, Pingshan District, Shenzhen, Guangdong,P.R.C.518122

Website: -

Telephone: (86) 755-89389600

Name: Ventec Electronics (Jiangyin) Co., Ltd.

Address: 73-1 Qingtong Road, Qingyang Town, Jiangyin,Jiangsu, P.R.C. 214403

Website: -

Telephone: (86) 510-8655-3456

Name: Ventec Electronics(Shenzhen) Co., Ltd.

Address: Chengguan INC., Qisan Rd, Shenzhen Export Processing Zone, Pingshan New District, Shenzhen, Guangdong, P.R.C. 518118

Website: -

Telephone: (86) 755-8398-9609

(8) Britain subsidiary

Name: Ventec Europe Limited

Address: Unit 1, Trojan Business Centre, Tachbrook Park Estate, Leamington Spa, Warwickshire, CV34 6RH, United Kingdom

Website: -

Telephone: (44) 1926-423540

(9) Germany subsidiary

Name: Ventec Central Europe GmbH.

Address: Morschheimerstr, 15 D-67292 Kirchheimbolanden, Germany

Website: -

Telephone: (49) 6352-753260

(10) USA subsidiary

Name: Ventec USA LLC

Address: 311 South Highland Ave. Unit B, Fullerton, CA 92832, USA

Website: -

Telephone: (1) 714-7739621

3、Name, Address, Website and Telephone of Stock Transfer Agency:

Name: Yuanta Securities Co., Ltd.

Website: <http://www.yuanta.com.tw>

Address: B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)

Telephone: +886-2-2586-5859

4、Most recent fiscal year financial report CPA's name, the CPA firm, address, website, and telephone number

Name of the accountants : Liu,Yi-Ching and Chen,Chun-Hung

Name of the firm: Deloitte & Touche

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

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan

Telephone: (886) 2-2725-9988

5、Name of Overseas Securities Trading exchanges and methods for searching for overseas securities information: None.

6、The Company Website: <http://www.ventec-group.com>

7、List of Directors:

Job title	Name	Nationality	Main experience
Chairman	Top Master Limited	Samoa	Chairman of Ventec International Group Co.,Ltd.
	Representative: Lao, Kai- Lu	ROC	Chairman of Supreme Charger International Co., Ltd Chairman of Top Master Limite
Director	Alpha Victor Limited	Samoa	Chairman of Good Things International Ltd.
	Representative:: Wang, Yu-Tzu	ROC	Chairman of Ten Mark Corporation
Director and CEO & General Manager	Chung, Chien- Jen	ROC	CEO & General Manager of Ventec International Group Co.,Ltd. Founder, CTO, General Manager Ventec International Group R&D Manager Asia Chemical
Director	Tang,Ching-Chou	ROC	General Manager of Lien Hwa Industrial Co., Ltd.
Independent Director	Sheu, Yuan- Kuo	ROC	Independent Director of Ventec International Group Co.,Ltd. Counselor of Direction Law Firm. Legislator. Assistant Professor, Risk Mangement And Insurance Department, Shih ChienUniversity



Job title	Name	Nationality	Main experience
Independent Director	Chen, Tsung-Hsi	ROC	Independent Director of Ventec International Group Co.,Ltd. Ming Jong Technologies Finance Dep. Manager. JSWAY Digital Technology Finance Dep. Assistant Manager.
Independent Director	Hou, Yu-Tau	ROC	Independent Director of Ventec International Group Co.,Ltd. Technical Marketing Director of Realtek Semiconductor Corp. Technical Marketing Director of SMC Corporation, Taiwan Branch Vice President Technical Marketing of Giantplus Technology Co., Ltd Vice President for Asia of Astec Agencies LTD Chief Operating Officer of Consulting Engineering Ltd.

8、 Name, title, contact phone number, and e-mail address of the designated agent within the territory of the Republic of China

Name : Lao, Kai-Lu

Job title: Chairman of the Board

Telephone: (886) 3- 4195-901

Email: tonylau@ventec.com.cn

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## I. BUSINESS REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

The summary of the Company's 2022 annual operating performance is as follows:

### 1.2022 Business Report

#### 1.1 consolidated profit and loss comparison of operating results:

Unit: NT\$ thousands ,Except  
Earnings Per Share

Item \ Year	2022	2021	Increase (decrease) Amount	Increase (decrease) ratio (%)
NET REVENUE	5,612,825	7,667,219	(2,054,394)	(26.79)%
GROSS PROFIT	1,584,604	2,324,341	(739,737)	(31.83)%
PROFITFROMOPERATIONS	529,085	1,076,466	(547,381)	(50.85)%
NON-OPERATING INCOME AND EXPENSES	38,104	(28,164)	66,268	(235.29)%
PROFIT BEFORE INCOME TAX	567,189	1,048,302	(481,113)	(45.89)%
NET PROFIT FOR THE YEAR	466,427	827,812	(361,385)	(43.66)%

1.2. Budget execution:The Company did not publicly disclose any financial forecasts for 2022.

#### 1.3. Financial highlights and profitability analysis :

Item		2022	2021
Financial structure(%)	Ratio of liabilities to assets (%)	38.22	50.74
	Ratio of long-term capital to property, plantand equipment (%)	347.48	330.36
Liquidity analysis (%)	Current ratio (%)	212.20	175.24
	Quick ratio (%)	147.54	119.44
Profitability Analysis (%)	Return on total assets (%)	8.61	15.73
	Return on shareholders' equity (%)	15.18	30.08
	Ratio of pre-tax income to paid-in capital (%)	79.38	146.71
	Ratio of net income to sales (%)	8.31	10.80
	Earnings per share (NT\$/share)	6.60	11.72

#### 1.4. Research and Development Direction:

- (1) In response to the advent of the era of 5G communications and Metaverse applications, the Company will continue to promote high-frequency and high-speed materials and precise application requirements for light, thin, and short applications. These efforts will be done in anticipation of huge business opportunities in the future!
- (2) Promote high-grade thermal conducting materials with thermal conductivity of 9.0 and above and multi-layer blends along with flexible thermal substrates in order to expand our leading position in thermal conducting metal substrates.

- (3) Actively participate in the semiconductor testing technology, investigate new material technology for probe cards, expand the Company's products with matching applications in the market, and maintain our leading advantages in display solutions!
- (4) In order to capture the upcoming era of autonomous driving, we shall engage in continuous optimization of UHF applications for autonomous driving and automotive radar applications (such as Bosch motors, Continental, and so on).
- (5) We shall remain committed to the development of semiconductor substrates and test substrate materials as we strive for massive business opportunities in the booming semiconductor industry.

## 2. Business Plan Outline for 2023

### 2.1 Operational guidelines:

Adhering to our corporate value concepts of "Innovation, Division of Labor, Cooperation, and Sharing," the Company continues to ground itself in industries related to copper foil substrates. We continually focus on providing high-performance products and insist on optimal collaboration with our customers, our suppliers, our employees, and our shareholders. With a vision of providing global supply chain solutions that extend from proofing to new product rollouts to mass production, we aim to achieve a high standard of management in terms of "quality, speed, cost, and service." In doing so, our mission will be to create greater corporate value as we satisfy the product or technology needs of the market and of our customers.

### 2.2 Production and Sales Projections:

In response to the post-pandemic era, each country's government has been printing money to save the world while launching a variety of stimulus programs. Meanwhile, the widespread blossoming of electric vehicles and 5G applications has resulted continuous innovation among innovative technology applications. At the same time, pent-up consumer demand is now being released in the wake of the pandemic even as raw material supply faces constraints due to suppression and a lack of expansion during the COVID years. Therefore, even as full-scale vaccination programs are widely expected to dispel the coronavirus, we now face an imbalance between supply and demand! Raw materials are in short supply and prices are skyrocketing. At the same time, product application technology is also set to explode all over as all sorts of innovative applications take the lead. This will pose a big challenge for substrate product technology!

Based in Asia, the Company deploys a balanced global development strategy. Sources of orders are thus relatively balanced, and we have achieved the development of special materials. With certifications and orders continuing to increase, the Company's production and sales will keep on growing. In terms of our business philosophy, the Company does not focus on pursuing high growth in overall shipments. Instead, we focus our resources on products bearing high gross profits; these include aluminum substrates, military aerospace products, high frequency and high speed products, carrier boards, and packaging and testing products, as well as a small amount of diversified products in Europe and the United States. Applications and order sources will be expanded more



evenly in response to the continuous growth in shipments of aluminum substrates and military aerospace products, as well as the launch of a full range of 5G products.

## 2.3 Key Production and Marketing Strategies:

With the gradual easing of the pandemic, the intensification of global competition rising due to the conflict between China, the U.S. and Russia as the world powers, the launching of economic stimulation programs in many countries, along with the oversupply and persistently low prices caused by production expansion within the same industry, we propose the corresponding developmental strategies as follows:

### (1) Marketing Strategy:

- (A) Engage in continuous involvement in products that require high reliability and certification, improving product and customer structural composition to increase profitability and reduce competitive pressure.
- (B) Actively develop new markets such as packaging and testing materials, 5G, and autonomous and electric vehicles as we diversify risk with new clients.
- (C) Increase the development and introduction of new raw materials and master the key technologies required by our customers in order to expand our core products and long-term customer relationships.

### (2) Production Policies:

- (A) Implement a quality policy of continuous improvement, and devote more investment to automation and intelligent manufacturing to reduce costs.
- (B) Improve employee teamwork efficiency and productivity and stabilize our own special sample production model for small quantities.
- (C) Commit to the development of distinct equipment for the production of special materials, further distinguishing our manufacturing capabilities for such products versus the capabilities of the industry.

## 3. Future Development Strategy of the Company

### 3.1 Marketing Strategy:

- (1) Establish strategic alliances with major customers to stabilize our sources of business and increase our competitiveness.
- (2) Establish marketing channels for diversified new products to achieve the goals of diversifying risks and increasing profits.
- (3) Establish a special technology-oriented marketing model to increase competition in market segmentation.

### 3.2. Production Policies:

- (1) Cooperate with relevant international manufacturers to raise our technical standards.
- (2) Engage in continuous research to improve product reliability, continually investing in testing and production equipment to improve accuracy and foster distinction.
- (3) Dedicate continuous investment into equipment automation to cut cost and improve efficiency.

### 3.3. Research and Development Strategy:

- (1) Various smart application technologies in life services are gradually maturing in response to the anticipated introduction of 5G and artificial intelligence. The Company thus continues to develop every type of high-end material with high frequency and high speed.
- (2) As energy-saving lighting becomes increasingly high-power, we are therefore continuing to develop environmentally friendly materials with high heat dissipation.
- (3) At the same time, IC packaging tends to be highly integrated and we are developing new related materials to meet its functional requirements. Semiconductor substrates and packaging materials form an important part of our plans for future growth!

### 3.4. Financial Strategy:

- (1) Fully utilize the capital market's financing tools to obtain relatively inexpensive funding to support the Company's operations.
- (2) Based on the principle of stability, use financial management tools to obtain efficient capital utilization and create a range of added value.

## 4. Influence of External Competition, Environmental Regulations, and the Overall Business Environment

Operations will face challenges in 2023 due the ongoing war between Russia and Ukraine, supply chain restructuring due to competition from major powers, and general inflation and other unfavorable factors in the environment, which will result in a decline in purchasing power, continued inventory absorption by upstream and downstream supply chain manufacturers, and impacts from other general economic uncertainties. In the face of severe environmental factors and uncertainties with short-term market fluctuations, the Company continues to develop materials for high-end products with special applications such as tec-

speed high-frequency materials for aerospace radar applications, high-speed/low-loss materials, and IC packaging and testing. We maintained steady growth in sales in automotive heat conducting products, military aerospace, and national defense medical care, and we will continue to develop the end-user certification of heat conducting materials to provide high-quality products and sales services to our customers.

Under the influence of economic uncertainties, while factors such as war and inflation do still exist, with the expected slowdown in the pace of interest rate hikes and the easing of restrictions in Mainland China, supply chains are expected to become more stable. In the post-pandemic era, demand for tourism and business flights have increased significantly, coupled with the Russian-Ukrainian war and the increase in defense budgets of various countries increases the niche for military aerospace development. We focus on the development of special material market, and our product quality has become quite competitive. In addition, the newly developed high-end products with higher temperature resistance and ultra-high thermal conductivity are starting to be introduced into new applications with higher reliability, such as power semiconductors, electronic boost for automotive engines, high-power motors, power modules for energy storage inverters, and high-frequency metal substrates for low-orbiting satellite applications, etc, in which we can expect to see growth in the Company's business in the future.

In addition to complying with relevant laws and regulations, the Company also pays attention to relevant developments such as important domestic and foreign policies and legal changes; and we plan response measures in real-time to address the Company's operational needs. Therefore, important domestic and foreign policies and legal changes have no significant impact on the Company's financial business.

Sincerely,

Chairman: Lao, Kai-Lu

General Manager: Chung, Chien-Jen

Chief Financial Officer: Tu, Jennifer

## II. COMPANY PROFILE

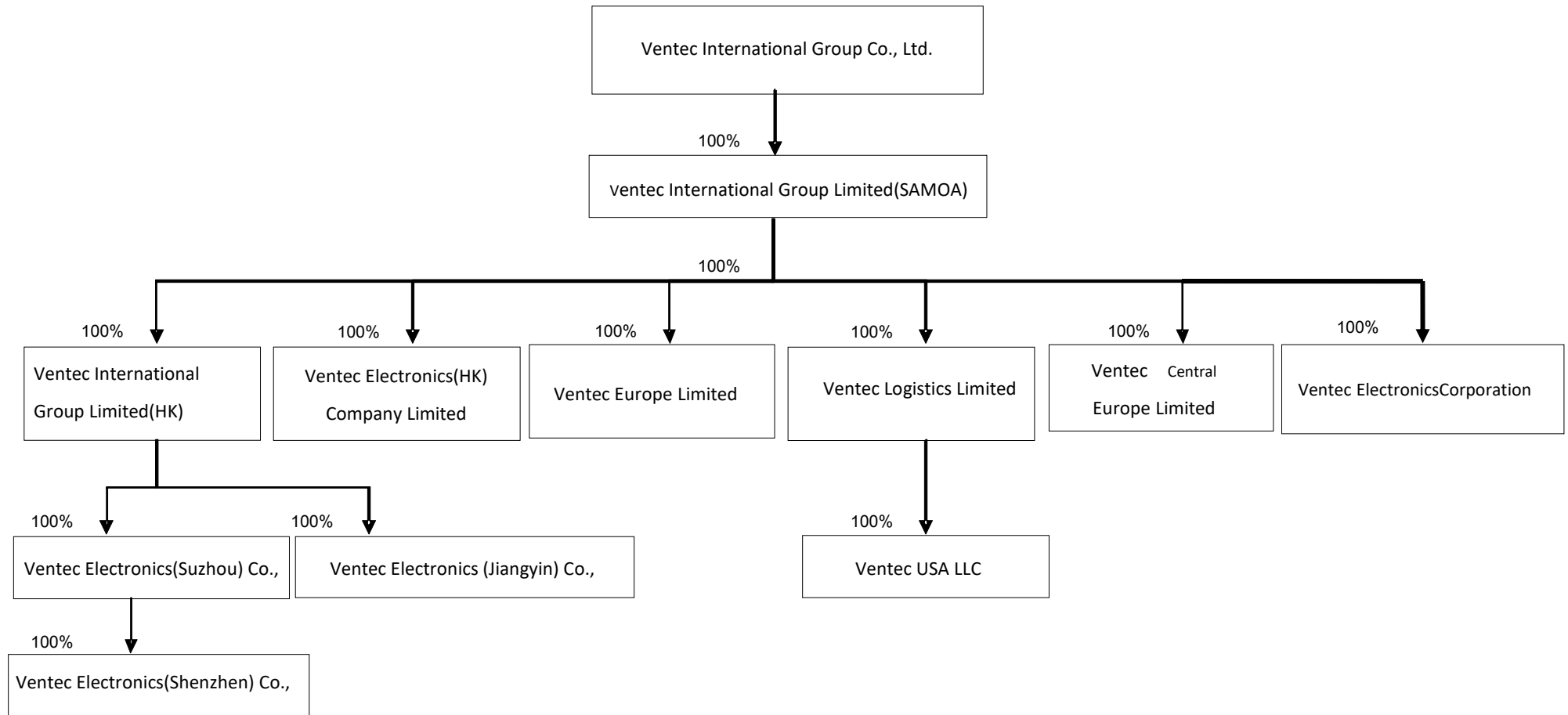
### 1、 Date of incorporation:

Ventec International Group Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on October 16, 2012. The Company and its subsidiaries, collectively referred to as the “Group”, mainly engages in the research and development, production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg.

Subsidiaries Location and Business Content were as follows:

Company	Location	Business Content
Ventec International Group Limited(SAMOA) (VIG Samoa)	Samoa	General investment
Ventec International Group Limited(HK) (VIG HK)	Hong kong	General investment
Ventec Electronics (HK) Company Limited (VT HK)	Hong kong	General investment
Ventec Logistics Limited (VLL BVI)	British Virgin Islands	General investment
Ventec Electronics Corporation (VT TW)	Taiwan	Manufacture and sell of CCL, IMS and prepreg
Ventec Electronics (Suzhou) Co., Ltd. (VT SZ)	China	Research and development, manufacture and sell of CCL, IMS and prepreg
Ventec Electronics (Jiangyin) Co., (VT JY)	China	Manufacture and sell of CCL, IMS and prepreg
Ventec Electronics(Shenzhen) Co., (VT SZWT)	China	Manufacture and sell of CCL, IMS and prepreg
Ventec Europe Limited (VT UK)	Britain	Sell of CCL, IMS and prepreg
Ventec USA LLC (VT US)	USA	Sell of CCL, IMS and prepreg
Ventec Central Europe GmbH. (VT DE)	Germany	Sell of CCL, IMS and prepreg

## 2、Structure of the company





### 3、 Company History

Year	Company and Group History
2000	Establishment of Ventec Electronics (Suzhou) Co., Ltd. in the Gaoxin District, Suzhou City with Promax Investments Limited as the offshore holding company. The plant located on Xiangyang Rd, Gaoxin District, Suzhou City specializes in the manufacture of CCL and prepreg.
2005	Established Ventec Electronics (Jiangyin) Co.,
2006	Established Ventec Electronics(HK) Company Limited
	Established Ventec International Group Limited(SAMOA)
	Established Ventec Logistics Limited
	Established Ventec Europe Limited
2007	Corporate reorganization – Acquisition of 97.5% of the equity of Ventec Electronics (Suzhou) Co., Ltd. by Ventec International Group Limited(SAMOA)
	Established Ventec USA LLC
	Acquisition of 67,292.5 M <sup>2</sup> of land on Taishan Rd., Gaoxin Dist.,Suzhou City for the construction of the Taishan plant
2008	Established Ventec International Group Limited(HK)
	Official commissioning of the plant located on Taishan Road, Gaoxin Dist., Suzhou City
	Acquisition of the ISO9001 Quality Management System Certification by the Suzhou Plant
	Initiation of the development of aluminum substrate by the Suzhou Plant PI(Polyimide) products pass UL certification – mass production initiated
2009	Established Ventec Electronics(Shenzhen) Co.,
	Aluminum substrate passes UL certification – mass production initiated PI(Polyimide) products approved by NASA and Boeing – expansion into the aerospace industry
2010	Established Ventec Central Europe GmbH
2011	Establishment of Ventec Electronics Co., Ltd. – monthly output of CCL exceeds 900,000 units
2012	Corporate reorganization – Equity swap between the newly established Ventec International Group Co.,Ltd.and Ventec International Group Limited (SAMOA); paid-in capital of NT\$ 450 million
	Acquisition of land and plant ownership rights by Ventec Electronics Co., Ltd.
	Acquisition of the AS 9100C Aerospace Industry Quality Management System certification for CCL and prepreg and approval of the use of aluminum substrate manufactured by the Suzhou Plant for automotive power control units by BMW and BYD

Year	Company and Group History
2013	Conclusion of an Agreement Governing Compensation for the Purchase of State-Owned Land Usage Rights in line with the service sector promotion policy for the Gaoxin District in Suzhou City; planned transfer of the land of the Xiangyang Plant to the government and expansion of the Taishan Plant
2014	<p>Ventec International Group Limited(HK) acquires 2.5% of the equity of Ventec Electronics (Suzhou) Co., Ltd. from Suzhou New District Economic Development Group Corporation, turning the company into a full subsidiary of the group.</p> <p>Acquisition of the IECQ (Quality Assessment System for Electronic Components) certification by Ventec Electronics (Suzhou) Co., Ltd.</p> <p>Official approval of MCPCB materials by Valeo, a French global automotive supplier; utilization of end products for LED headlights of numerous high-end models manufactured by Mercedes Benz, Maserati, Volvo etc.</p> <p>Official approval of PI (Polyimide) products by the European Space Agency</p>
2016	Acquisition of 100% of the equity of Kaiyin Electronic Material Co., Ltd. and the land and ownership rights to the Jiangyin Plant by Ventec Electronics (Jiangyin) Co., Ltd.
	Completion of Taishan Plant expansion project and official transfer of the Xiangyang Plant usage rights to the local government
	Cash capital increase by Ventec International Group Co., Ltd. in February; share capital increased to NT\$ 484,306,000
	Exercise of employee stock options in December; share capital increased to NT\$ 514,191,000
2017	Cash capital increase in March; share capital increased to NT\$ 544,126,000
	Cash capital increase in May; share capital increased to NT\$ 561,143,000
	Exercise of employee stock options in October; share capital increased to NT\$ 586,143,000
	Official approval of aluminum substrate by Shanghai Edrive Co., Ltd. and Kostal OBC, a German automotive part manufacturer; expansion into the new energy vehicle industry
	Share offering by Ventec International Group Co., Ltd.in Taiwan upon approval by the Securities and Futures Bureau
2018	Emerging stock market registration of Ventec International Group Co., Ltd. shares in Taiwan
	UL certification of high-frequency materials for 5G applications

Year	Company and Group History
	CUL (Canada) certification of aluminum substrate and high-TG materials
	Cash capital increase in October; share capital increased to NT\$ 646,143,000
	Development of high-TG,high-modulus, and highly reliable carrier materials for 5G smartphones and various high-end mobile handheld devices.
	Development of halogen-free CTI400 materials
	Initiation of trial production of ULL (ultra low loss) materials for 5G applications
2019	The Company's stock was listed on the Taiwan Stock Exchange.
	Ceramic filled hydrocarbon Laminates for 5G antenna application was approved by ZTE etc.
	Developed no flow Prepreg with low loss signal integrity and got preliminary approval for customer.
	IMS with low modulus&high reliability & high thermal conductivity, certifiedby UL& approved by Koito (Japan) and Valeo (France), has come to mass production; it also passed the reliability tests at ZKW (Austria).
	Developed ceramic filled PTFE composites with Dk3.0 for radar application.
	Authorization of one invention patent of USA and two utility model patents.
2020	Authorization of two invention patents of China and seven utility model patents.
	Developed high emissivity and high thermal conductive metal base laminate, which changed the traditional radiator and approved by osram-continental, will be applied to Renault's various cars.
	Developed hydrocarbon composites with Dk 10.2, which has come to mass production.
	Developed ceramic filled PTFE composites with Dk 6.15&10.2 and got partial recognition.
2021	Authorization of one utility model patent of China, three trademarks in China and one trademark in UK.
	Expand the high-speed product series, such as high-speed products for antenna, server and package test application, and has got small batch of orders from customers.

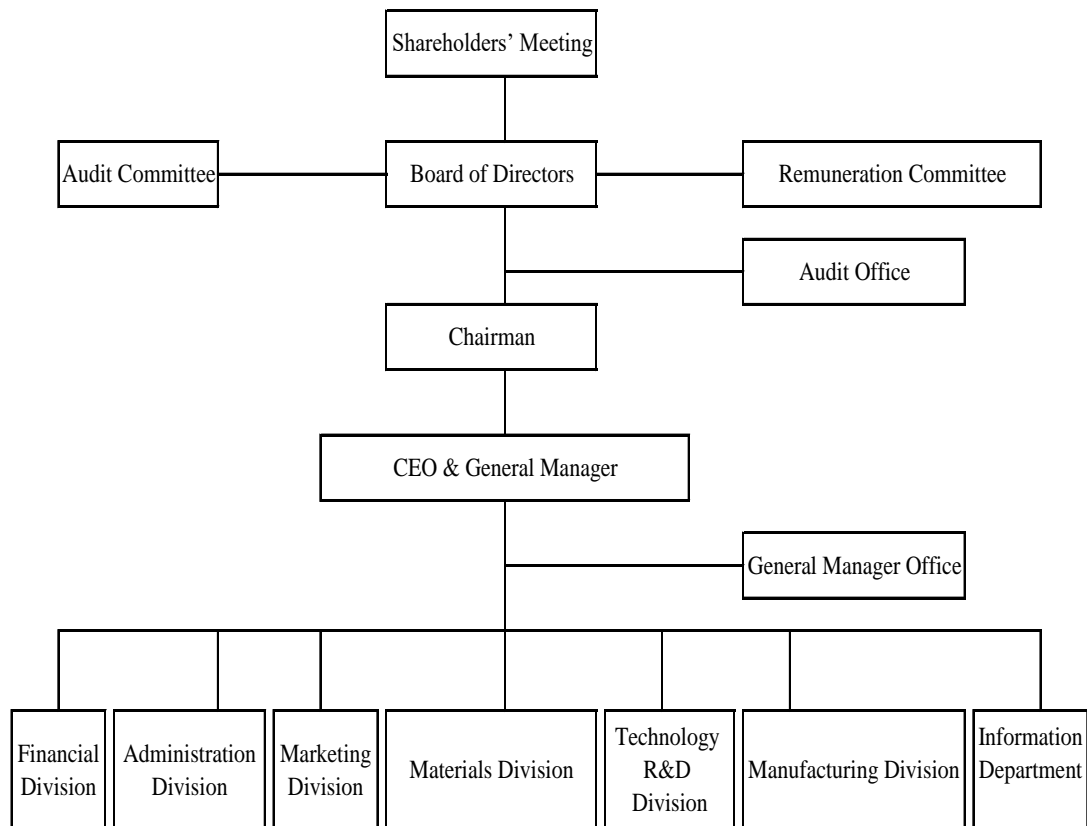
Year	Company and Group History
	Expand the PTFE product series, developed PTFE composites with DK2.94, passed customersnd package test application, and has got small batch of
	Developed super white material with resistance to high heat and yellow degeneration for LED package application, passed many customers’ test and certification and has come to mass production.
2022	Authorization of one invention patents of China and three utility model patents.
	Expand the high-frequency product series application, such as high-frequency products for 5G antenna application, and has got mass production of orders from European customers.
	Developed Ultra low loss halogen-free product, certified by UL & approved by ultra high speed digital application, and got small batch of orders.
	Developed ultra low loss substrate for package application, passed customers’ test and certification and got small batch of orders.
	Developed halogen-free material with CTI600, got UL certification and passed customers test.

4. Risk Items: For the details of risk items concerning macroeconomics, environmental fluctuation of politics and economics, exchange control, taxation, as well as other related laws and regulations, please refer to Chapter 7 “Descriptions for Risk Evaluation and Other Important Matters” in this Annual Report.

### III. CORPORATE GOVERNANCE REPORT

#### 1.Organization

##### 1.1 Organization Chart



##### 1.2 Affairs In Charge For Each Major Department

Principal Departments	Business Operations
Board Of Directors	Execution of resolutions adopted by shareholders' meetings and decisions on business plans and investment schemes of the Company within the scope authorized by shareholders' meetings
Remuneration Committee	Formulation and regular review of director and manager performance assessment and remuneration policies, systems, standards, and mechanisms; regular assessment and determination of director and manager remuneration contents and amounts and provision of recommendations to the board.
Audit Committee	Monitoring of group operations and finances, preparation of adequate financial statements, and effective implementation of the internal control system



Principal Departments	Business Operations
CEO & General Manager	Establishment of a sound group management system and organizational structure, execution of board resolutions, centralized management of company matters, and realization of group management and development goals
Audit Office	Carrying out of various auditing operations, assessment and execution of the internal control system, offering of suggestions for improvement, and constant tracking of improvement progress
Financial Division	Carrying out of accounting operations, formulation and execution of accounting policies and systems, and financial planning and funding
Administration Division	Human resource management, administrative and legal affairs, ethical corporate management, environmental protection, public security, and labor health and safety
Marketing Division	Sale of the Company's products on global markets, collection of market and customer information
Materials Division	Internal departmental planning, control of production and material progress, handling of abnormalities in the production progress, and tracking of processes and progress pertaining to new products
Technology R&D Division	<ol style="list-style-type: none"> <li>1. Product development and adoption, collection and management of information pertaining to the product development process, development and analysis of new formula, process analysis and improvement, testing, verification, and guidance for customer products, submission of reports on product feedback and improvement initiatives</li> <li>2. Planning operations for the QA Department, new product risk assessment, process design and reliability verification, supervision of the handling of quality issues, ISO system maintenance and implementation, and supervision of lab operations</li> <li>3. Management and maintenance of department equipment and facilities</li> </ol>
Manufacturing Division	Handling of manufacturing related matters
Information Department	<ol style="list-style-type: none"> <li>1. Set up and integrate ERP system</li> <li>2. Support the exercise of IT system of other departments</li> <li>3. Arrange the information securities</li> <li>4. Computer software and hardware maintenance</li> <li>5. Set up network security and firewall</li> </ol>

## 2. Background Information on Directors, Supervisors, General Managers, Vice General Managers, Assistant Managers and Heads of Various Departments and Branches

### 2.1 Board Directors

#### (1) Information on board directors

2023/4/18; Unit: Thousand; shares; %

Title	Nationality or Registration Place	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shares held in the name of others		Experience (Education)	Current jobs with the Company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
Chairman	Samoa	Top Master Limited	-	2021.7.30	3	2017.6.16	4,713,307	6.60	4,713,307	6.60	-	-	-	-	-	-	-	-	-
	Taiwan	Lao, Kai-Lu	Male 61~70				-	-	-	-	-	-	-	-	Department of International Trade, Tamsui Institute of Business Administration	Director of Ventec International Group Limited (SAMOA). Director of Ventec International Group Limited (HK) Director of Ventec Electronics (Shenzhen) Co., Ltd. Director of Ventec Electronics (HK) Company Director of Limited Ventec Logistics Limited Director of Ventec USA LLC Director of Ventec Europe Limited Chairman of Supreme Charger International Co., Ltd Chairman of Top Master Limite	-	-	-
Director	Samoa	Alpha Victor Limited	-	2021.7.30	3	2017.6.16	4,090,908	5.73	4,090,908	5.73	-	-	-	-	-	-	-	-	-

Title	Nationality or Registration Place	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shares held in the name of others		Experience ( Education )	Current jobs with the Company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
	ROC	Wang, Yu-Tzu	Male 61~70				—	—	—	—	—	—	—	—	Department of International Trade, Fu Jen Catholic University Chairman of Good Things International Ltd. Chairman of Ten Mark Corporation	Director of Alpha Victor Limited Chairman of Good Things International Ltd. Chairman of Ten Mark Corporation	—	—	—
Director	ROC	Chung, Chien-Jen	Male 51~60	2021.7.30	3	2012.10.16	1,359,623	1.90	1,280,123	1.79	166,848	0.23	—	—	Department of Chemical Engineering, Tunghai University CEO & General Manager of Ventec International Group Co., Ltd. Founder, CTO, General Manager Ventec International Group R&D Manager Asia Chemical	Director and CEO & General Manager of Ventec International Group Co., Ltd. Director of Ventec International Group Limited ( HK ) Director of Ventec Electronics (HK) Company Limited Director of Ventec Logistics Limited Corporation Director and CEO & General Manager of Ventec Europe Limited Director of Ventec Electronics (Suzhou) Co., Ltd. Director of Ventec Electronics (Jiangyin) Co., Ltd.	—	—	—
Director	ROC	Tang, Ching-Chou	Male 61~70	2021.7.30	3	2021.7.30	300,000	0.04	300,000	0.04	—	—	—	—	Department of Economics, Soochow University General Manager of Lien Hwa	General Manager of Lien Hwa Industrial Co., Ltd. Chairman of United Industrial Gases Co., Ltd. Chairman of Far Eastern Industrial Gases Co., Ltd.	—	—	—

Title	Nationality or Registration Place	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shares held in the name of others		Experience ( Education )	Current jobs with the Company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation
Independent director	ROC	Sheu, Yuan-Kuo	Male 61~70	2021.7.30	3	2018.6.19	—	—	—	—	—	—	—	—	Doctor of Law, South Carolina State University Master's degree, Graduate Institute of Law, Tulane University Department of Law, Soochow University Legislator Assistant Professor, Risk Management And Insurance Department, Shih Chien University	Counselor of Direction Law Firm. Assistant Professor, Risk Management And Insurance Department, Shih Chien University	—	—	—
Independent director	ROC	Chen, Tsung-Hsi	Male 51~60	2021.7.30	3	2018.6.19	—	—	—	—	—	—	—	—	Department of Accounting, Fu Jen Catholic University Master's degree, Graduate Institute of Accounting in-Service Master's Program, Taipei University Assist of CSC Securities Ming Jong Technologies Finance Dep. Manager JSWAY Digital Technology Finance Dep. Director Tsung Fung CPA Office Executive CPA	Tsung Fung CPA Office Executive CPA	—	—	—
Independent director	ROC	Hou, Yu-Tau	Male 51~60	2021.7.30	3	2018.6.19	—	—	—	—	—	—	—	—	Master's degree, Graduate Institute of Engineering, Brown University Technical Marketing Director of Realtek Semiconductor Corp. Technical Marketing Director of SMC Corporation, Taiwan Branch Vice President Technical Marketing of Giantplus Technology Co., Ltd Vice President for Asia of ASTEC AGENCIES LTD. Chief Operating Officer of Consulting Engineering Ltd.	Chief Operating Officer of Consulting Engineering Ltd.	—	—	—

(2) Major shareholders of Ventec's Directors are institutional shareholders

2023/4/18

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Top Master Limited	Lao, Kai-Lu (2%)、Lao, Ta-Jung (98%)
Alpha Victor Limited	Wang, Yu-Tzu (100%)

(3) If the major shareholder is an institution, then the major institutional shareholder: None.

(4) Disclosure of information and term on the professional qualifications of directors and the independence of independent directors.

Qualification Name	Professional Qualifications And Experience	Independence Situation	Independent Director of other public companies numbers
<p>Chairman of the Board of Director</p> <p>Top Master Limited</p> <p>Representative: Lao, Kai-Lu</p>	<ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current chairman of the board of directors of this company, Top Master Limited, Supreme Charger International Co., Ltd., and Top Elevation Global Company Limited.</li> <li>➤ Served as a chairman and board of directors and a director of the company for many terms.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	Not available	-
<p>Director</p> <p>Alpha Victor Limited</p> <p>Representative: Wang, Yu-Tzu</p>	<ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current Chairman of Board of Directors of Good Things International Ltd. and Ten Mark Corporation.</li> <li>➤ Served as a director of the company for many terms.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	Not available	-



Qualification Name	Professional Qualifications And Experience	Independence Situation	Independent Director of other public companies numbers
Director Chung, Chien-Jen	<ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current CEO and General Manager of the company</li> <li>➤ Served as the CEO and the General Manager of the company for many terms</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	Not available	-
Director Tang, Ching-Chou	<ul style="list-style-type: none"> <li>➤ Have more than ten years of work experience required by the company's business.</li> <li>➤ Current General Manager of Linde Lienhwa Industrial Gases Co. Ltd., and current Chairman of Board of Directors of United Industrial Gases Co., Ltd. and Far Eastern Industrial Gases Co., Ltd.</li> <li>➤ With the experience of General Manager of Linde Lienhwa Industrial Gases Co. Ltd. for many terms.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	Not available	-

<div>Qualification</div> <div>Name</div>	Professional Qualifications And Experience	Independence Situation	Independent Director of other public companies numbers
<div>Independent Director</div> <div>Sheu, Yuan-Kuo</div>	<ul style="list-style-type: none"> <li>➤ Has more than ten years of business, legal work experience required by the company's business.</li> <li>➤ Current Direction International Lawconsultant and the independent director / Auditing Committee Member / Remuneration Committee Member</li> <li>➤ Has been Legislator, Full-time Associate Professor, Department of Risk Management and Insurance of Shih Chien University, and Independent Director / Audit Committee Member / Remuneration Committee Member for many terms</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The independent directors of the company meet the requirements of independence.</li> <li>➤ The independent directors themselves, their spouses, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its related companies; they do not hold shares in the company; they do not serve as directors, supervisors or employees of companies that have a specific relationship with the company.</li> <li>➤ In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.</li> </ul>	<div>-</div>

<div>Qualification</div> <div>Name</div>	Professional Qualifications And Experience	Independence Situation	Independent Director of other public companies numbers
<div>Independent Director</div> <div>Chen, Tsung-Hsi</div>	<ul style="list-style-type: none"> <li>➤ Has business, financial, or accounting work experience required by the company's business.</li> <li>➤ Current Tsung Fung CPA Office Accountant and the independent director / Auditing Committee Member / Remuneration Committee Member</li> <li>➤ Has been Enterprise Finance Assistant Manager of the CSC Securities, Financial Department Manager of the Ming Jong Technologies Co., Ltd., Financial and Accounting Associate Manager of the Jsdway Digital Technology Co., Ltd. and Independent Director / Audit Committee Member / Remuneration Committee Member.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The independent directors of the company meet the requirements of independence.</li> <li>➤ The independent directors themselves, their spouses, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its related companies; they do not hold shares in the company; they do not serve as directors, supervisors or employees of companies that have a specific relationship with the company.</li> <li>➤ In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.</li> </ul>	<div>-</div>

<div>Qualification</div> <div>Name</div>	Professional Qualifications And Experience	Independence Situation	Independent Director of other public companies numbers
<div>Independent Director</div> <div>Hou, Yu-Tau</div>	<ul style="list-style-type: none"> <li>➤ Have business, legal, financial, or accounting work experience required by the company's business.</li> <li>➤ Current COO of H&amp;K Consulting Engineering Ltd. and the independent director / Auditing Committee Member / Remuneration Committee Member</li> <li>➤ Has been Technical Marketing Director of Realtek Semiconductor Corp., Technical Marketing VP of Giantplus Technology Co., Ltd., Asia Pacific VP of Astec Agencies Limited Taiwan Branch (H.K.) (Emerson Network Power Business Unit) and Independent Director / Audit Committee Member / Remuneration Committee Member.</li> <li>➤ None of the provisions of Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The independent directors of the company meet the requirements of independence.</li> <li>➤ The independent directors themselves, their spouses, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its related companies; they do not hold shares in the company; they do not serve as directors, supervisors or employees of companies that have a specific relationship with the company.</li> <li>➤ In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.</li> </ul>	<div>-</div>

(5) Professional qualifications and independence of the directors:

The Company has specified in the Regulations Governing the Election of Directors and Independent Directors that the composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.

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

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The board of directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.

The current members of the Board of Directors includes three independent directors, where the independent directors accounted for 43% of the Board. Members of the Board have an age distribution of 51-70 years old. The circumstances described in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act do not exist among the directors. Please refer to the table above for the nationality and industrial experience of each director and refer to the table below for their professional ability and independence:

Name		Basic Composition					Professional Background				Professional knowledge and skills			
		Nationality	Gender	Age		Independent Director Terms 3 to 9 years	Domain	Financial Accounting	Technology	Lawyer	Business Judge ment	Business Admi -nistr ation	Lead-ersh- ip Deci- sion Maki -ng	Dom -ain- Kno who w
				51 to 60	61 to 70									
Director	Top Master Limited Representative: Lao, Kai-Lu	ROC	Male		V		V		V		V	V	V	V
	Alpha Victor Limited Representative: Wang, Yu- Tzu	ROC	Male		V		V		V		V	V	V	V
	Chung, Chien-Jen	ROC	Male	V			V		V		V	V	V	V
	Tang, Ching-Chou	ROC	Male		V		V		V		V	V	V	V
Independent Director	Sheu, Yuan-Kuo	ROC	Male		V	V	V		V	V	V	V	V	V
	Chen, Tsung-Hsi	ROC	Male	V		V	V	V	V		V	V	V	V
	Hou, Yu-Tau	ROC	Male	V		V	V		V		V	V	V	V

## 2.2 President, Vice Presidents, Assistant Vice Presidents, and Chiefs of Units and Branches

2023/4/18; Unit: Shares, %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Shareholding of Spouse&Minor Children		Other Positions and Other Companies		Curriculumvitae	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship		
					Share	(%)	Share	(%)	Share	(%)			Title	Name	Relationship
CEO & General Manager	ROC	Chung, Chien-Jen	Male	2000.02	1,280,123	1.79	166,848	0.23	—	—	Department of Chemical Engineering, Tunghai University. CEO & General Manager of Ventec International Group Co.,Ltd. Founder, CTO, General Manager Ventec International Group R&D Manager Asia Chemical	Director and CEO & General Manager of Ventec International Group Co.,Ltd. Director of Ventec International Group Limited( HK) Director of Ventec Electronics(HK) Company Limited Director of Ventec Logistics Limited Director of Ventec Electronics Corporation Director and CEO & General Manager of Ventec Europe Limited	—	—	—
Vice GM of Oversea Company	Britain	Mark Ian Goodwin	Male	2007.02	—	—	—	—	166,000	0.23	The Open University Professional Diploma In Management Isola Group Sales Manager UK and Ireland IsolaGroup Commercial Manager BTR UK Sales Director Vente International Group GeneralManager Europe Ventec International Group ChiefOperating Officer	Director of Ventec Europe Limited Director of Ventec Central Europe GmbH	—	—	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Shareholding of Spouse&Minor Children		Other Positions and Other Companies		Curriculumvitae	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship		
					Share	(%)	Share	(%)	Share	(%)			Title	Name	Relationship
Vice President of Sale	ROC	Chiu, Chiao Wei	Male	2019.08	10,200	0.01	-	-	-	-	Department of Chemical Engineering,Ming Xin Industrial College Sales assistant manager of Lianzhi Technology CO.,LTD. Sales section supervisor of Hong Tai Electric. Sales Engineer Asia Chemical	Chairman of Ventec Electronics Corporation Director of Ventec Electronics Corporation	-	-	-
Chief Financial Officer	ROC	Tu, Jennifer	Female	2018.07	6,000	0.01	-	-	-	-	Master's degree,Graduate Institute of Finance in-Service, College of Management, National Taiwan University. University of Illinois Urbana-Champaign MSA. Department of Accounting, National Taiwan University. Chief Financial Officer& Spokesperson of DR.WU SKINCARE CO., LTD Chief Financial Officer in Asia of FletcherBuilding NZ. Audit Assistant of Deloitte & Touche	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Shareholding of Spouse&Minor Children		Other Positions and Other Companies		Curriculumvitae	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship		
					Share	(%)	Share	(%)	Share	(%)			Title	Name	Relationship
Corporate Governance Officer	ROC	Tseng, Yu-Ting	Female	2023.05	7,400	0.01	—	—	—	—	Department of Accounting, Fu Jen Catholic University Financial Senior Manager of Optimax Technology Corporation Chief Audit Officer& Financial Manager of Asia Chemical	Associate director of Administration Departmentof Ventec Electronics Corporation	—	—	—
Chief Audit Officer	ROC	Chou, Hung Kung	Male	2019.05	1,800	0.00	—	—	—	—	Department of Accounting, Tamkang University. Audit Assistant of Deloitte & Touche. Chief Audit Officer of For Land Auto Trade Holding Co. Ltd.	—	—	—	—



### 3、Remunerations paid to directors, supervisors, general managers and vice general managers in recent years

#### 3.1 Remuneration of directors (including independent directors)

Unit: NT\$ thousands

Unit: NT\$ thousands																						
Title	Name	Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Remuneration Received from invested companies other than subsidiaries or the parent company
		Base Compensation( A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, andAllowances (E)		Severance Pay(F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	Cash	Stock	Cash	Stock	The company	
Chairman	Top Master Limited	-	-	-	-	10,489	10,489	54	54	10,543	10,543	8,654	11,920	-	-	6,235	-	6,235	-	25,432	28,698	-
	Representative: LAO, Kai- Lu																					
Director	Alpha Victor Limited																					
	Representative: Wang, Yu-Tzu																					
Director	Chung, Chien-Jen																					
Director	Tang,Ching-Chou																					

Title	Name	Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Remuneration Received from invested companies other than subsidiaries or the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay(F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company	All companies in the consolidated financial report	The company		All companies in the consolidated financial report		The company	All companies in the consolidated financial report	
Cash	Stock															Cash	Stock					
Independent Director	Sheu, Yuan-Kuo	2,520	2,520	-	-	-	-	38	38	2,558 -	2,558 0.55%	-	-	-	-	-	-	-	-	2,558 -	2,558 0.55%	-
	Chen, Tsung-His																					
	Hou, Yu-Tau																					

Note: The allocation of earnings for 2022 was approved by the resolution of the Board of Directors on March 14, 2023 with the allocation of directors' remuneration of US \$353 thousand and employees' remuneration of US \$1,588 thousand and submitted to the 2023 Regular shareholders' Report.

Table of range of remuneration

Range of Remuneration Paid to Each Director	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The company	All Consolidated Entities	The company	All Consolidated Entities
<\$1,000,000	Sheu, Yuan-Kuo、 Chen, Tsung-Hsi、 Hou, Yu-Tau	Sheu, Yuan-Kuo、 Chen, Tsung-Hsi、 Hou, Yu-Tau	Sheu, Yuan-Kuo、 Chen, Tsung-Hsi、 Hou, Yu-Tau	Sheu, Yuan-Kuo、 Chen, Tsung-Hsi、 Hou, Yu-Tau
\$1,000,000 ~ <\$2,000,000	Tang, Ching-Chou	Tang, Ching-Chou	Tang, Ching-Chou	Tang, Ching-Chou
\$2,000,000 ~ <\$3,500,000	Alpha Victor Limited (Representative: Wang, Yu- Tzu) 、 Chung, Chien-Jen	Alpha Victor Limited (Representative: Wang, Yu- Tzu) 、 Chung, Chien-Jen	Alpha Victor Limited (Representative: Wang, Yu- Tzu)	Alpha Victor Limited (Representative: Wang, Yu- Tzu)
\$3,500,000 ~ <\$5,000,000	Top Master Limited (Representative: Lao, Kai- Lu)	Top Master Limited (Representative: Lao, Kai- Lu)	-	-
\$5,000,000 <\$10,000,000	-	-	Top Master Limited (Representative: Lao, Kai- Lu)	Top Master Limited (Representative: Lao, Kai- Lu)
\$10,000,000 <\$15,000,000	-	-	Chung, Chien-Jen	-
\$15,000,000 <\$30,000,000	-	-	-	Chung, Chien-Jen
\$30,000,000 <\$50,000,000	-	-	-	-
\$50,000,000 <\$100,000,000	-	-	-	-
\$100,000,000 or higher	-	-	-	-
Total	7 persons	7 persons	7 persons	7 persons

\* The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

### 3.2 Remuneration of supervisors: N/A.

### 3.3 Remuneration paid to President, Senior Vice President, and Vice President

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and allowance (C)		Profit Sharing- Employee Bonus (D)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of Net Income (%)		Remuneration received from invested companies other than subsidiaries or 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			
CEO & General Manager	Chung, Chien-Jen	4,368	18,160	-	-	3,330	5,217	12,648	-	12,648	-	20,346 -	36,025 7.72%	-
Vice GM of Oversea Company	Marklan Goodwin													
Chief Financial Officer	Tu, Jennifer													
Vice President of Sale	Chiu, Chiao Wei													

Table of range of remuneration

Bracket of compensation to respective president or vice president	Names of Presidents and Vice Presidents	
	The company	Companies in the consolidated financial statements
<\$1,000,000	-	-
\$1,000,000～<\$2,000,000	Chiu, Chiao Wei	-
\$2,000,000～<\$3,500,000	-	-
\$3,500,000～<\$5,000,000	Mark Ian Goodwin 、 Tu, Jennifer	Chiu, Chiao Wei
\$5,000,000～<\$10,000,000	-	Tu, Jennifer
\$10,000,000～<\$15,000,000	Chung, Chien-Jen	Chung, Chien-Jen 、 Mark Ian Goodwin
\$15,000,000～<\$30,000,000	-	-
\$30,000,000～<\$50,000,000	-	-
\$50,000,000～<\$100,000,000	-	-
\$100,000,000 or higher	-	-
Total	4 persons	4 persons

\* The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

3.4 If a listed company has the following circumstances, it shall disclose the compensation of the first five top management individually: Not applicable since the following circumstances are not observed.

- 1) Parent company only or individual financial statements in the last three years have shown after-tax losses: None.
- 2) Listed companies whose results of the most recent corporate governance assessment are at lowest level: Not

3.5 Names of managers determining employees' compensation and distribution status

Unit: NT\$ thousands

Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income( %)
CEO & General Manager	Chung, Chien-Jen	-	13,395	13,395	2.87%
Vice GM of Oversea Company	Mark Ian Goodwin				
Chief Financial Officer	Tu, Jennifer				
Vice President of Sale	Chiu, Chiao Wei				
Corporate Governance Officer	Tseng, Yu-Ting				

3.6 Provide a comparative explanation and analysis for total remuneration paid to the Company' Directors, Supervisors, Presidents, and Vice Presidents in the most recent two years as a percentage of net income after tax of any entity or individual financial statements as stated in the Company's financial statements and consolidated financial statements, and the effects of the remuneration policy, standards, and combinations, the processes and procedures for determination of remuneration, and relation to operational efficacy and future risks.

- (1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT\$ thousands; %

Item	2021		2022	
	The company	All Companies listed in this consolidate	The company	All companies listed in this consolidate
Directors	21,299	21,299	13,101	13,101
Ratio of total remuneration paid to directors	-	2.57	-	2.81
Presidents and Vice Presidents	44,627	83,009	20,346	36,025
Ratio of total remuneration paid to presidents and vice Presidents	-	10.03	-	7.72

(2) Policies, standards and combinations of remuneration, procedures for determining remuneration and their relationship with business performance and future risks. The company's remuneration policy is stipulated in the company's Charter. If the company makes a profit in the current year, it will allocate 5%-10% as employee remuneration and allocate no more than 2% as director's remuneration for distribution to directors. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it; The procedures for the company's directors and managers to determine remuneration are based on the "Remuneration Regulations for Directors and Managers" and other norms as the basis for evaluation.

The independent directors of the company perform business independently and participate in corporate governance based on their responsibilities, and receive fixed remuneration. Directors' remuneration is only given in cash, and is allocated according to the company's operating performance, future operations and consideration of industry standards, and according to its participation in the company's operations and the value of its contribution.

The appointment, dismissal and remuneration of managers are handled in accordance with the company's regulations and approved by the board of directors. The overall remuneration package mainly includes salary, bonus, employee remuneration and benefits. Salary market, company operation status, and adjust according to the industry's salary level and industrial prosperity, and then according to the value of participation and contribution to the company's operation and the achievement rate of work goals, support managers' salary to maintain the overall competition of human assets to ensure the company's operational performance.

The company has set up a compensation and remuneration committee. The performance appraisal of directors and managers and the rationality of their remuneration are regularly reviewed and evaluated by the Remuneration Committee, and adjusted according to the operating conditions and relevant laws and regulations. The amount of remuneration distribution for directors and managers in 2022 will be decided by the board of directors after deliberation by the compensation and remuneration committee. The company pays the remuneration of directors and managers. In addition to considering the company's future operational development and operational risks, the company has also comprehensively considered the amount of remuneration, payment methods and the company's future risk matters, and at the same time evaluates the positive correlation with its operating performance, in order to seek balance between sustainable operation and risk control.

#### 4、Corporate Governance:

##### 4.1 Board Meetings' Implementation Status:

A total of 7 meetings of the board of directors were held in 2022. Director attendance was as follows:

Title	Name	Times actually attending (B)	Times in Attendance by Proxy	Actual Attendance rate(%) (B/A)	Remarks
Chairman	Top Master Limited Representative: Lao, Kai- Lu	7	0	100.00%	
Director	Alpha Victor Limited Representative: Wang, Yu-Tzu	6	1	85.71%	
Director	Chung, Chien- Jen	7	0	100.00%	
Director	Tang, Ching-Chou	7	0	100.00%	
Independent Director	Sheu, Yuan- Kuo	6	1	85.71%	
Independent Director	Hou, Yu-Tau	6	1	85.71%	
Independent Director	Chen, Tsung-Hsi	7	0	100.00%	

Other Recorded Items:

- 1.If any of the circumstances as described below had occurred during the operation of the Board of Directors Meeting, the date, term, topics of discussion of the Board Meeting, the handling of all the comments of the independent directors, and the comments by the Company to the independent directors should be described in details.

(1) Matters Listed in Article 14-3 in Securities and Exchange Act:

Date/Term of the Board meeting	Content of motion	All independentsdirectors' opinion and the Company's response to Independent directors' opinion
The 5 th meeting of the 5th Term 2022.3.4	<ol style="list-style-type: none"> <li>1. 2021Business Report and Financial Statement</li> <li>2. 2021 Internal Control Statement</li> <li>3. 2021 Distribution Proposal of Directors' Remuneration and Employee Bonus</li> <li>4. 2021 Earnings Distribution Proposal</li> <li>5. Approval of provision of an nedorsement/guarantee by the Company for the subsidiary Ventec Electronics Corporation at Yuanta Bank Taipei</li> <li>6. Amendment of the internal control system of the company and its subsidiaries</li> </ol>	Approved by all independent directors in attendance



Date/Term of the Board meeting	Content of motion	All independent directors' opinion and the Company's response to Independent directors' opinion
The 6 th meeting of the 5th Term 2022.4.27	<ol style="list-style-type: none"> <li>1. Application for cancellation and extension of loan from Ventec International Group Limited(SAMOA)and Ventec Logistics Limited</li> <li>2. The amendments to the Regulations Governing the Acquisition and Disposal of Assets</li> <li>3. The amendments to the Regulations Governing the Acquisition and Disposal of Assets for the subsidiary</li> </ol>	Approved by all Independent directors in attendance
The 7 th meeting of the 5th Term 2022.6.17	<ol style="list-style-type: none"> <li>1. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd.and petition for approval</li> <li>2. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei</li> <li>3. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank.</li> <li>4.Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. and Ventec Electronics (HK) Co., Ltd.at CTBC Bank</li> <li>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at Taiwan Yushan Bank</li> </ol>	Approved by all independent directors in attendance
The 8 th meeting of the 5th Term 2022.6.30	Approval and extend of loans to the subsidiary Ventec Europe Limited by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd.	Approved by all independent directors in attendance
The 9 th meeting of the 5th Term 2022.8.10	<ol style="list-style-type: none"> <li>1. The company's earnings allocation plan for the first half of 2022</li> <li>2. Applied for provision of an endorsement/guarantee by the Company for the subsidiary Ventec International Group Limited(HK)for the subsidiary Ventec Europe Ltd.</li> </ol>	Approved by all independent directors in attendance

Date/Term of the Board meeting	Content of motion	All independent directors' opinion and the Company's response to Independent directors' opinion
The 10th meeting of the 5th Term 2022.11.9	Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. and Ventec Electronics Corporation at Taishin Bank Taipei	Approved by all Independent directors in attendance
The 11th meeting of the 5th Term 2022.12.21	1. Extend of loans to the subsidiary Ventec Central Europe GmbH. by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. 2. The company's certified accountant appointment independence evaluation	Approved by all independent directors in attendance

(2) Other than the matters mentioned above, other resolutions on which the Independent Directors have dissenting opinions or qualified opinions, and for which there are written records or statements of the Board's decisions thereon: None

2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

(1) During the discussion of directors' remuneration distribution in the meeting of the board of directors on March 4, 2022. The directors did not participate in the voting process to avoid conflict of interest When they talk about individuals. The other directors present and passed the case without objection.

(2) During the discussion of evaluation results of the performance of managerial officers' bonuses and the distribution of the surplus in the meeting of the board of directors on March 4, 2022. CEO Chung, Chien- Jen did not participate in the voting process in accordance with the Rules of Procedure of the Board of Directors' Meetings to avoid conflict of interest and the chairman consulted the other directors present and passed the case without objection.

3. Implementation of self-evaluations by the Company's Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once A year	Performance evaluation for January 1, 2022 to December 31, 2022	Board of Directors	Internal evaluation of the board	1. Participation in the operation of the company. 2. Improvement of the quality of the board of directors' decision making. 3. Composition and structure of the board of directors 4. Selection and continuing education of directors. 5. Internal control

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once A year	Performance evaluation for January 1, 2022 to December 31, 2022	Individual Directors	self-evaluation by individual board members	1.Board members' performance evaluation. 2. Alignment of the goals and missions of the Company 3.Awareness of the duties of a director. 4. Participation in the operation of the Company, 5.Management of internal relationship and communication, the director's professionalism and continuing. 6. internal control.
Once A year	Performance evaluation for January 1, 2022 to December 31, 2022	Functional Committee	Self-evaluation by the Committee	1.The committee's performance evaluation. 2.Participation in the operation of the Company. 3.Awareness of the duties of the committee. 4.Quality of the committee's decision making, position and appointment of the committee. 5.Internal control
Three year	Performance evaluation for January 1, 2021 to December 31, 2021	Board of Directors	External Performance Assessment	The institution appointed three evaluation experts to evaluate the operating performance of the board of directors through questionnaires and on-site interviews in terms of the composition and professional development of the board of directors, decision-making quality, operational effectiveness, internal control and risk management and the degree of the board's participation in corporate social responsibility

4. Targets for strengthening the functions of the Board of Directors (such as establishing an Audit Committee and enhancing information transparency) in the current and the most recent fiscal year and assessing implementation there of:

- (1) In addition to providing relevant laws and regulations to directors and supervisors whenever necessary, the Company shall report the Company's current business status to directors and supervisors at the time of the board meeting, and prepare related information and assign personnel for directors' and supervisors' inquiry.
- (2) The Company actively provides information on various types of continuous education courses and encourages directors and supervisors to participate in various corporate governance courses, or the Company irregularly holds such courses, in order to strengthen the competencies of the Board members. In 2022, 7 directors received continuing education for a total of 42 hours.
- (3) In order to implement corporate governance and enhance the function of the Board of Directors for the purpose of establishing performance targets and strengthening the efficiency of the Board of Directors, the Company completed the enactment of the "Regulations Governing the Board Performance Evaluation" on April 24, 2018, and performs the assessment at the beginning of each year. After evaluation, the achievement rate was over 95% and the evaluation result was "Exceeding Standards" in 2022; it was reported to the Board meeting on March 14, 2023.

## 5. External Performance Assessment for the Board of Directors

In 2021, the company first appointed the Taiwan Investor Relations Institute (TIRI). This independent organization has no business relationship with the company, to evaluate the effectiveness of the board's performance evaluation from January 1, 2021, to December 31, 2021. The institution appointed three evaluation experts to evaluate the operating performance of the board of directors through questionnaires and on-site interviews in terms of the composition and professional development of the board of directors, decision-making quality, operational effectiveness, internal control and risk management and the degree of the board's participation in corporate social responsibility. The company has obtained professional and objective evaluation results and suggestions through the review of professional institutions and the guidance and communication of evaluation committees and has reported the evaluation results to the board of directors on March 4, 2022.

### (1) The overall remarks for the assessment report

The composition of the board of directors has a balanced internal and external director structure and independent director seats. The board members have rich experience and diverse professional skills. Their professional backgrounds include business management, industrial technology, academic and financial law, etc., which are in line with the company's development needs; in addition to the quarterly board meeting, provide information on the company's business operations to board members from time to time, such as business operations, performance achievement and development may face risks, etc., to assist directors to supervise the company's operating status and strategy implementation in a timely manner.

### (2) Improvement Suggestion and Future Improvement Plan

Item	Assessment Report Suggestions	The planned measures of the company
1	Fulfilling the company's corporate social responsibility well, planning and preparing a corporate social responsibility report	The company will gradually plan related operations to fulfill its corporate social responsibility and expose the company's philosophy and practices for sustainable management.
2	Implementation of ESG-related projects, depending on the implementation status, report to the board of directors in appropriate time	In the future, the board of directors can integrate ESG issues into discussions in major decision-makings, continue to deepen corporate governance, enhance the sustainable development of enterprises, and strengthen competitiveness.
3	Establish multi-directional communication channels to strengthen the interaction and management of stakeholders	The company will plan to set up corresponding contact windows according to different types of stakeholders, to smoothen the communication channels, to timely understand and respond to the opinions of stakeholders.

Item	Assessment Report Suggestions	The planed measures of the company
4	Enhancing the diversity of board members	At present, the composition of the board of directors is diverse and the operation is smooth and the business performance is good. While maintaining the current operation situation, considering adding female directors or independent directors in the future, it can also strengthen the operations of corporate governance.
5	Set up a Corporate Governance Officer	The company will set up a corporate governance officer.
6	Planning diversified courses for board members	The company will plan a variety of advanced training courses for board members. In addition to at least six hours of advanced education per person per year according to the regulations, additional training hours will be added and courses related to corporate governance topics such as finance, risk management and corporate social responsibility will be selected to assist directors in obtaining the new knowledge to keep pace with the times, and to effectively implement the corporate governance system.
7	Strengthen the communication between the board of directors and the management team	Strengthen the communication platform between directors and the management team. In addition to enhancing mutual interaction, directors who are not involved in day-to-day operations can better understand the implementation of the company's operating strategies.

#### 4.2. Operation of the Audit Committee

1. The major matters reviewed by the Audit Committee include:

- (1) Adoption of or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption of or amendment to procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of loans to others, or endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- (4) Matters bearing on the personal interest of a director.
- (5) Material asset or derivatives transactions.
- (6) Material loans, endorsements, or provision of guarantees.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The engagement or dismissal of a CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial reports signed or sealed by the Chairman, manager and accounting officer.
- (11) Any other material matter so required by the Company or the Competent Authority.

2. The meetings of The Audit Committee of were held 7 times in 2022, and the attendance of the independent directors in 2022 is as follows:

Title	Name	Times actually attending (B)	Times in Attendance by Proxy	Actual Attendance rate (%) (B/A)	Remarks
Independent Director	Chen, Tsung-Hsi	7	0	100.00%	
Independent Director	Sheu, Yuan-Kuo	7	0	100.00%	
Independent Director	Hou, Yu-Tau	6	1	85.71%	

3. Other required disclosure:

- (1) If any of the following circumstances occur, the dates of meetings, Terms, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

A.Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Resolution of the Audit Committee	The Company's response to the opinion of the Audit Committee
The 4th meeting of the 2th Term 2022.3.4	<ol style="list-style-type: none"> <li>1. The company has changed its certified accountants</li> <li>2. 2021 Business Report and Financial Statement</li> <li>3. 2021 Internal Control Statement</li> <li>4. 2021 Earnings Distribution Proposal</li> <li>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Corporation at Yuanta Bank Taipei</li> <li>6. Amendment of the internal control system of the company and its subsidiaries</li> </ol>	None	Approved by all Committee Members present in the meeting.	Submitted the 5th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board
The 5th meeting of the 2th Term 2022.4.27	<ol style="list-style-type: none"> <li>1. Approval of 2022 Q1 Consolidated Financial Statement.</li> <li>2. Application for cancellation and extension of loan from Ventec International Group Limited (SAMOA) and Ventec Logistics Limited.</li> <li>3. The amendments to the Regulations Governing the Acquisition and Disposal of Assets</li> <li>4. The amendments to the Regulations Governing the Acquisition and Disposal of Assets for the subsidiary</li> </ol>	None	Approved by all Committee Members present in the meeting.	Submitted the 6th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board

Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Resolution of the Audit Committee	The Company's response to the opinion of the Audit Committee
The 6 th meeting of the 2th Term 2022.6.17	<ol style="list-style-type: none"> <li>1. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd.and petition for approval</li> <li>2. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei</li> <li>3. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank.</li> <li>4.Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. and Ventec Electronics (HK) Co., Ltd.at CTBC Bank</li> <li>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at Taiwan Yushan Bank</li> <li>6. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at Industrial and Commercial Bank of China.</li> <li>7. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at China Construction Bank.</li> </ol>	None	Approved by all Committee Members present inthe meeting.	Submitted the 7 th meeting of the 5 th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board



Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Resolution of the Audit Committee	The Company's response to the opinion of the Audit Committee
The 7 th meeting of the 2th Term 2022.6.30	Approval and extend of loans to the subsidiary Ventec Europe Limited by by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd.	None	Approved by all Committee Members present inthe meeting.	Submitted the 8 th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board
The 8 th meeting of the 2th Term 2022.8.10	<ol style="list-style-type: none"> <li>1. The company's earnings allocation plan for the first half of 2022</li> <li>2. The company's earnings allocation plan for the first half of 2022</li> <li>3. Applied for provision of an endorsement/guarantee by the Company for the subsidiary Ventec International Group Limited(HK)for the subsidiary Ventec Europe Ltd.</li> </ol>	None	Approved by all Committee Members present inthe meeting.	Submitted the 9 th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board
The 9 th meeting of the 2th Term 2022.11.9	<ol style="list-style-type: none"> <li>1. Approval of 2022 Q3 Consolidated Financial Statement.</li> <li>2.Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd.and Ventec Electronics Corporation at Taishin Bank Taipei</li> </ol>	None	Approved by all Committee Members present inthe meeting.	Submitted the 9 th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board

Date/Term of the Audit Committee	Content of motion	Independent director's opinions or objections	Resolution of the Audit Committee	The Company's response to the opinion of the Audit Committee
The 10 th meeting of the 2th Term 2022.12.21	1.Extend of loans to the subsidiary Ventec Central Europe GmbH. by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. 2. The company's certified accountant appointment independence evaluation	None	Approved by all Committee Members present in the meeting.	Submitted the 11 th meeting of the 5th Term of the Board of Directors for resolution and proceed in accordance with the resolution of the Board

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

(2) If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified : None.

4.Communications between the independent directors, the Company's Chief Internal Auditor and CPAs:

(1) Independent directors and internal audit supervisors may usually contact each other by email, telephone or meeting at any time as necessary. Department, if there are major abnormalities, meetings can be convened at any time, and the communication channels are diversified and smooth; The head of the department 's audit will deliver the audit report or follow-up report of the previous month to each independent director for inspection. The necessity of reporting is given to give a response or opinion. There are no major abnormalities in the 2022 audit results, and the independent directors have no objections.

Meeting and Date	Communication Matters	Communication Method	Result
2022/3/4	1. The internal audit report for the fourth quarter of 2021 2.The Internal Control System Statement for 2021	Participate in the report and discuss related issues.	1. It has been fully communicated and reported or reviewed by the Audit Committee. 2. The Independent directors didn't make any recommendation.

Meeting and Date	Communication Matters	Communication Method	Result
2022/4/27	The internal audit report for February-march of 2022.	Participate in the report and discuss related issues.	1. It has been fully communicated and reported or reviewed by the Audit Committee. 2. The Independent directors didn't make any recommendation.
2022/6/17	The internal audit report for April of 2022	Participate in the report and discuss related issues.	1. It has been fully communicated and reported or reviewed by the Audit Committee. 2.The Independent directors didn't make any recommendation.
2022/8/10	The internal audit report for the 2nd quarter of 2022	Participate in the report and discuss related issues.	1. It has been fully communicated and reported or reviewed by the Audit Committee. 2.The Independent directors didn't make any recommendation.
2022/11/9	The internal audit report for the 3rd quarter of 2022.	Participate in the report and discuss related issues.	1. It has been fully communicated and reported or reviewed by the Audit Committee. 2. The Independent directors didn't make any recommendation.
2022/12/21	The internal audit report for October-November of 2022	Participate in the report and discuss related issues.	1. It has been fully communicated and reported or reviewed by the Audit Committee. 2. The Independent directors didn't make any recommendation.

- (2) The company's CPAs will report to the independent directors on the audit or review of the financial report, and will also report on the update of the new knowledge of the tax laws and the related impact measures. Usually, the independent directors and accountants may email, call or meet at any time as needed The methods are mutually connected, and the independent directors of the company communicate well with the CPAs.

Meeting and Date	Communication Matters	Result
2022/03/04	1. The audit method and scope of the 2021 consolidated financial report, accountants' responsibilities and	Have been fully communicated

Meeting and Date	Communication Matters	Result
	<p>independence, significant risks, key audit items, fraud assessment, audit report types and contents, etc.-the audit summary stage.</p> <p>2. Major amendments to laws and regulations and their impact.</p>	and the Independent directors didn't make any recommendation.
2022/08/10	<p>1. The audit method and scope of the consolidated financial report for the second quarter of 2022, accountants' responsibilities and independence, significant risks, key audit items, fraud assessment, audit report types and contents, etc.-the audit summary stage.</p> <p>2. Major amendments to laws and regulations and their impact.</p>	Have been fully communicated and the Independent directors didn't make any recommendation.
2022/11/9	<p>1. The review method and scope of the consolidated financial report for the third quarter of 2022, the type and content of the review report, the review focus and major adjustments, etc.</p> <p>2. Major amendments to laws and regulations and their impact.</p>	Have been fully communicated and the Independent directors didn't make any recommendation.

#### 4.3 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
1. Whether the Company has set and disclosed corporate governance in accordance with “Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies”.	√		The Company’s Board of Directors adopted the Corporate Governance Best Practice Principles on April 24, 2018, and published their contents on the Company website.	At present there are no major impediments or deviations in implementation.
2. Shareholding structure & shareholders’ rights				
(I) Has the Company established internal procedures for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the internal procedures?	√		(I) The Company clearly stipulates in its Articles of Incorporation and internal regulations how shareholder rights and interests are safeguarded. A dedicated unit has been established for the proper handling of matters pertaining to the Company’s relationships with its investors as well as shareholder proposals, inquiries, and disputes.	At present there are no major impediments or deviations in implementation.
(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	√		(II) The Company has formulated procedures governing stock affairs and has assigned dedicated personnel for the management of relevant information. Changes in the shareholdings of insiders are reported to the Market Observation Post System on a monthly basis pursuant to the regulations set forth in Article 25 of the Securities and Exchange Act.	
(III) Has the Company established and enforced risk control and firewall systems with its affiliated businesses?	√		(III) The Company and its affiliated businesses have established an Internal Control System and formulated Guidelines Governing Authorized Representatives and Proxies, Procedures Governing Transactions with Related Parties, Rules Governing Financial and Business Matters Between	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(IV) Has the Company established an internal regulation that prohibits the use of undisclosed information in the market?	√		<p>this Company and its Affiliated Businesses, Procedures Governing the Supervision and Management of Subsidiaries, Regulations Governing the Acquisition and Disposal of Assets, Regulations Governing Lending of Funds to Other Parties, Regulations Governing Endorsements/Guarantees to regulate the management of personnel, assets, and financial matters and facilitate effective risk assessment and establishment of adequate firewall systems.</p> <p>(IV) The Company has formulated Procedures for the Prevention of Insider Trading and the Handling of Material Inside Information to regulate confidentiality obligations with regard to such information, prohibit relevant transactions, prevent insider trading, and education of internal personnel on relevant laws.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Board established a diversity policy, specific management goals and implemented it accordingly?</p>	√		<p>(I) In accordance with the Code of Corporate Governance Practice and the selection procedure for directors and independent directors, the Board shall consider diversity in its membership, and formulate a diversity policy in terms of basic conditions and expertise in respect of its operations, types of operations and development needs.</p> <p>Specific management objectives: the board of directors of the company shall be responsible to the shareholders' committee , and the operation and</p>	At present there are no major impediments or deviations in implementation.

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(II) In addition to the Remuneration Committee and Audit Committee Established according to law, has the company voluntarily established other functional committees?	√		<p>arrangement of its corporate governance system shall ensure that the board of directors shall exercise its powers in accordance with the provisions of the law, the articles of association of the company or the resolutions of the shareholders' committee.</p> <p>When appointing directors, not only the professional background of the directors themselves, but also the diversity of the directors is an important factor. The overall configuration of the board should be taken into consideration. The specific objective is that the board should be composed of members of different genders, ages, professional knowledge and backgrounds. The company has 7 directors, including 3 independent directors (43%), and the consecutive terms of independent directors shall not exceed three consecutive terms. Four directors are over 65 years old, and three are 51-60 years old. "Directors who also serve as managers of the company do not exceed the specific management goal of one-third of the number of directors, which drives the company to play its business decision-making and supervisory functions. The professional background of the members covers business management, finance and accounting, industry, professional and knowledge diversity. background, and can give professional advice from different perspectives with its experience</p> <p>(II) The Company has established a Remuneration Committee in accordance with relevant laws. In the General Shareholders' Meeting convened on June 19, 2018, the supervisor system was abolished and a system of independent directors was added. Upon the election of a new board in the shareholders' meeting, an Audit Committee was formed to assume the functions of the supervisors. Other functional committees will be established in the future if deemed necessary in line with operational requirements.</p>	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
<p>(III) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?</p> <p>(IV) Does the Company regularly implement assessments on the independence of the CPA?</p>	V		<p>(III) In order to implement corporate governance and enhance the function of the Board of Directors for the purpose of establishing performance targets and strengthening the efficiency of the Board of Directors, the Company completed the enactment of the "Regulations Governing the Board Performance Evaluation" on April 24, 2018, and performs the assessment at the beginning of each year. After evaluation, the achievement rate was over 95% and the evaluation result was "Exceeding Standards" in 2022; it was reported to the Board meeting on March 14, 2023.</p> <p>(IV) The financial department of the company will evaluate the independence of the visa accountant once a year, and submit the annual evaluation result of 2022 to the audit committee and the board of directors for deliberation and approval. The financial department of the company has assessed that both Yi-Ching, Liu and Chen, Chun-Hung accounting firm have met the independence assessment standard of the company and are qualified to be certified accountants of the company.</p>	
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not	V		The Financial Affairs Division is responsible for the handling of corporate governance related matters. The shareholding division is responsible for corporate governance related matters, including: providing directors, handling matters related to meetings of the board of directors and shareholders' meeting in accordance with law, handling company change registration, and producing	At present there are no major impediments or deviations in implementation.



Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?			<p>minutes of board and shareholders' meetings.</p> <p>The company passed the resolution of the board of directors on May 4, 2023, and appointed Tseng, Yu-Ting, the assistant manager of the administrative department of Ventec Electronics Co., Ltd., as the director of corporate governance to protect the rights and interests of shareholders and strengthen the functions of the board of directors.</p> <p>Assistant Manager Tseng, Yu-Ting has been in charge of finance and stock affairs of a public company for more than three years. The main duties of the corporate governance supervisor are to handle matters related to the opening of the board of directors and shareholders' meetings according to law, prepare the minutes of the board of directors and shareholding meetings, assist directors in taking office and continuing their education, provide directors with information needed to perform their duties, and assist directors in complying with laws and regulations, etc.</p> <p>The key points of business execution in 2022 are as follows:</p> <p>In 2022, 7 meetings of the board of directors and 7 meetings of the audit committee will be held and meeting materials will be provided to all directors. Responsible for the announcement of major information after the board of directors and shareholders' meeting. The shareholders meeting will be held on June 17, 2022.</p> <p>Evaluate the purchase of "directors and key employees" insurance with an</p>	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
			<p>appropriate amount of insurance and complete the insurance application on March 14, 2023, and report the content of the insurance to the board of directors.</p> <p>Provide relevant training information for directors from time to time, and remind directors and supervisors of listed companies to complete the training according to the required number of hours of training and complete the corresponding daily assignments. In 2022, all directors will be arranged to complete the 6-hour training course and report completion.</p>	
5. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees and suppliers), and created a stakeholder section on the Company's website, and appropriately responded to the important corporate social responsibility issues that are relevant to the stakeholders?	V		<p>(I) The Company appoints spokespersons and acting spokespersons as an External communication channel. Feedback is handled in accordance with The regulations of the internal control system.</p> <p>(II) The Company has set up a website which can be conveniently accessed via the Internet for the provision of information on financial operations and corporate governance for shareholders and stakeholders. Dedicated personnel has been assigned for the maintenance of this website to ensure that the presented information is detailed, accurate, up-to-date, and unambiguous.</p>	At present there are no major impediments or deviations in implementation.
6. Has the Company appointed a professional shareholder services agency in handling of the shareholders' meeting?	V		The Company has entrusted Yuanta Securities with the handling of its shareholders' meetings	At present there are no major impediments or deviations in implementation.

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
<p>7. Information Disclosure</p> <p>(I) The Company's corporate website discloses information on financial operations and corporate governance.</p> <p>(II) The Company has adopted other information disclosure methods (such as creating an English website, delegating specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website).</p> <p>(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company discloses relevant financial business and material information to the Open Information Observatory pursuant to the Statute, and Set up an Investor Relations Specialist on the company's Chinese and English website (<a href="http://www.ventec-group.com/">http://www.ventec-group.com/</a>) District, timely disclosure of relevant company information.</p> <p>(II) Responses to relevant issues of the Company are provided by the spokesperson or acting spokesperson. Relevant departments and the spokesperson or acting spokesperson are responsible for the collection and disclosure of information.</p> <p>(III) The Company announces annual financial statements and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.</p>	At present there are no major impediments or deviations in implementation.
8. Has the Company provided other information which is helpful to understand implementation of corporate governance (including but not	V		1. Employee rights and interests: Labor-management relations are harmonious and the lawful rights and interests of employees are safeguarded in accordance with local labor laws at all operating sites. No major labor-management disputes have occurred and no fines have been imposed	At present there are no major impediments or deviations in implementation.

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
limited to the rights and interests of employees, employee care, investor relations, supplier relations, stakeholder relations, continuing education status for Board members and Supervisors, risk management policies and risk balance standards' implementation, customer policy implementation status, and purchasing Directors' and Supervisors' liability insurance)?			<p>by the competent authority for serious labor-management issues or severe violations of labor laws.</p> <p>2. Employee care: The Company provides reasonable compensation and bonuses for its employees and organizes staff trips and welfare measures (through its trade union) to build excellent labor-management relations that are characterized by mutual trust and dependence.</p> <p>3. Investor relations: The Company has established a corporate website and a spokesperson system. It makes financial and other material information public on the Market Observation Post System in a timely manner to safeguard investor rights and interests.</p> <p>4. Supplier relations: The Company embraces ethical corporate management and fair trading with suppliers. It maintains long-term positive partnerships with all its suppliers.</p> <p>5. Stakeholder rights: The Company has established excellent channels for smooth communication with stakeholders to safeguard their rights and interests. It upholds integrity principles and adopts a responsible attitude to facilitate proper handling and fulfillment of its CSR.</p> <p>6. Continuing further education status of directors (including independent directors): The Company offers course information to all directors (including independent directors) from time to time, and provides at any time relevant regulatory information that directors (including independent</p>	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
			<p>directors) need to pay attention to. The continuing education status of directors in 2022 is Directors (including independent directors) of Top Master Limited (Representative: Lao Kai-Lu)、Alpha Victor Limited(Representative: Wang Yu- Tzu) 、 Chung, Chien-Jen、 Tang, Ching-Chou、 Sheu, Yuan-Kuo、 Chen, Tsung-His and Hou, Yu-Tau finished on November 9, 2022.Integrity Management and Prohibition of Insider Trading and Insider Trading andHostile mergers and acquisitions are discussed for 3 hours each, totaling 6 hours of courses.</p> <p>7. Continuing education for directors and supervisors: The Company organizes workshops on securities laws and courses on corporate governance pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and regulations governing the required number of training hours.</p> <p>8. Implementation of risk management policies and risk balance standards: The Company formulates various internal rules and carries out different types of risk management and assessment.</p> <p>9. Implementation of customer policies: The Company is firmly committed to the provision of the best possible services and products to its customers. Customer service hotlines are available for the handling of customer problems by dedicated personnel.Purchase of liability insurance for directors and supervisors: Insurance has been purchased for directors pursuant to</p>	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
			relevant regulations set forth in the Company’s Corporate Governance Best Practice Principles	

9. Please explain the improvement status concerning the results of the corporate governance assessment issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year and propose priority strengthening matters and measures for those who have not yet improved:

(I) According to the results of the 9th Corporate Governance Evaluation 2022, the situations improved are listed below:

Items	Assessment Indices	Improvement
1	Whether the company discloses the interim financial report in English within two months after the deadline for filing the Chinese interim financial report	The company has started to execute English interim financial reports from the first quarter to the third quarter of 2022

(II) According to the results of the 9th Corporate Governance Evaluation 2022, the reinforcement in advance and measures for the non-improved matters are listed as below:

Items	Assessment Indices	Improvement
1	Does the company have a corporate governance supervisor responsible for corporate governance related affairs and explain the scope of authority and training status on the company's website and annual report?	The company has approved by the board of directors on May 4, 2023 the establishment of a corporate governance supervisor, who will be responsible for corporate governance-related matters, and will explain the scope of authority and training status on the company website and annual report.

4.4 The Company has established a Remuneration Committee, it shall disclose its composition, duties and operational status

(1) Profiles of the Members of the Remuneration Committee

Name \ Conditions		Professional qualifications and experience	Independent status	Number of other public companies in which the individual is concurrently serving as the Remuneration Committee member
Convenor and independent director	Sheu, Yuan-Kuo	Refer to the "Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" table on pages 14-17.		None
independent director	Hou, Yu-Tau			None
independent director	Chen, Tsung-Hsi			None

(2) Terms of Reference

- (a) Making and reviewing the performance assessment of directors and managers, as well as The policies, systems, criteria and structures of remuneration & compensation periodically.
- (b) Evaluating the remuneration & compensation of the directors and managers periodically.

(3) Operations of Remuneration Committee

- (a) The Company's Remuneration Committee consists of three (3) members.
- (b) This slate of the Committee is in office from: August 16, 2021 through August 15, 2024.  
A total of 2 meetings of the remuneration committee were held in the most recent years. and the members' qualifications and attendance are as follows:

Title	Name	Number in Actual Attendance (B)	Numbers in Attendance by Proxy	Actual presence (%) (B/A)	Remarks
Independent Director	Sheu, Yuan- Kuo	2	0	100%	
Independent Director	Chen, Tsung-Hsi	2	0	100%	
Independent Director	Hou, Yu-Tau	2	0	100%	

Other required disclosures:

- (a) In the event the Board of Directors does not adopt or amends the proposals of the Remuneration Committee, please state the date and number of the Board meeting, the content of the proposals, determination and any resolution from the Board of Directors,

and the method by which the opinion of the Remuneration Committee was handled (e.g., if the salaries and compensations approved by the Board were higher than the levels suggested by the Remuneration Committee, please state the differences and reasons thereof): None.

(b) If for any matter under consideration of the Remuneration Committee, any member has a dissenting or qualified opinion, and there is a record thereof or written statement, then the date, session, contents of the proposal, all members' opinions and the handling of the opinions of the member(s) of the Remuneration Committee shall be duly stated: None.

(c) Discussed matters and resolutions of the Remuneration Committee, and the Company's handling of the members' opinions:

Date	Agenda	Resolution	The company's handling of members' opinions
The 2 <sup>th</sup> meeting of the 3 <sup>th</sup> Term 2022.3.4	1. 2021 Distribution Proposal of Directors' Remuneration and Employee Bonus 2. The Company's 2021 Annual Review of directors' compensation, managers' compensation and employees' compensation	Approved by all the members present	No objection
The 3 <sup>th</sup> meeting of the 3 <sup>th</sup> Term 2022.12.21	The employee compensation ratio will be 9% In 2022	Approved by all the members present	No objection



4.5 Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	V		We have established the “Sustainable Development Best Practice Principles”. The Company’s core operational capabilities are examined by multiple mid- and senior-level executives of different fields. These executives are responsible for proposing and implementing sustainable development policies, systems or relevant management guidelines as well as concrete promotion plans, while also following up the effectiveness of implementation. The Board of Directors receives reports from the management team to better understand the Company’s management practices. This enables advice to be given in a timely manner. The company has not yet set up sustainable development. In the future, it will be set up according to the company's operational considerations and will be reported to the board of directors on a regular basis.	At present There are no major impediments or deviations in implementation.
II. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		In order to ensure the stable operation and sustainable development of the company, the company passed the "Risk Management Policies and Procedures" on December	At present There are no major impediments or deviations in implementation

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies						
	Yes	No	Summary							
			<p>17, 2021 at the 4th meeting of the 5th board of directors to establish an overall risk management system. , the audit committee, the audit office, the general manager and other units to jointly promote the implementation of relevant risk management measures.The Company regularly reports on its risk management operations in the previous year in the fourth quarter of each year. The scope of the Company's risk management for the current year includes, but is not limited to, market risk, environmental risk, investment risk, information security risk or other risks that may cause significant losses. The risk management team evaluates key risk items based on the principle of materiality. Important risk categories and response measures are as follows:</p> <table><tr><th>Type</th><th>Impact on Operations</th><th>Response strategies</th></tr><tr><td>Environmental Risk</td><td>The impact of climate change and natural disasters on greenhouse gas emission</td><td>Set up a green energy team to promote solar energy, energy saving and carbon</td></tr></table>	Type	Impact on Operations	Response strategies	Environmental Risk	The impact of climate change and natural disasters on greenhouse gas emission	Set up a green energy team to promote solar energy, energy saving and carbon	
Type	Impact on Operations	Response strategies								
Environmental Risk	The impact of climate change and natural disasters on greenhouse gas emission	Set up a green energy team to promote solar energy, energy saving and carbon								

Performance Evaluation Items	Operational status			Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No			
				management, energy management, and compliance with environmental laws and regulations.	reduction, waste treatment, research and development of RoHS-compliant products and continuous ISO14001 and IECQ QC080000 certification, etc. Facing the possible impact and response of climate change, the concept of green production is implemented in production management
			Market Risk	Domestic and foreign economic, technological changes, industrial changes and other factors have an impact on the company's finance	The company continues to pay attention to global market changes, develop niche products, continuous terminal

Performance Evaluation Items	Operational status					Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary			
				and business	certification to face environmental changes. Pay attention to laws and policies that may affect the business and financial aspects of the company to plan timely response measures.	
			Investment Risk	High - risk, high - leverage, derivatives and other short-term market volatility investments, management of investee companies	Pay attention to changes in interest rates and exchange rates, reduce the risk of exchange rate fluctuations through appropriate financial tools, and regularly evaluate the status of funds and bank interest rates to reduce the	

Performance Evaluation Items	Operational status					Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary			
					impact of interest rates on the company.	
			Information Security Risk	Confidentiality, integrity and availability of the information will not be ensured	Strengthen personnel's awareness of information security events, establish multi-level defense such as network firewall, and establish control mechanisms such as anti-virus and mail filtering to reduce network threats. Data are set up backup and remote backup to ensure service continuity and data loss.	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
<p>III. Environmental issues</p> <p>(1) Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board?</p>	V		The company has introduced ISO 14001 and IECQ QC080000 environmental management systems to ensure that while pursuing operational and operational performance, it can also strictly abide by the spirit of environmental management, and reduce the impact on the environment during business activities with an attitude of sustainable development	At present There are no major impediments or deviations in implementation
<p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	V		(2) The company adheres to the ISO14001 "Energy Conservation Policy, and strives to improve energy conservation matters, including the renewal of operating equipment in the factory: use of lower energy consumption or frequency conversion equipment, installation of solar power generation systems or the use of recycled water, etc. In addition, the supply of The products provided by the company include materials, parts, semi-finished products, finished products and packaging materials, all of which must comply with international and local environmental regulations, hazardous substance management requirements and compliance with the non-use of minerals in the conflict zone of the Democratic Republic of the Congo.	At present There are no major impediments or deviations in implementation

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	V		(3) The global greenhouse effect has led to an abnormal climate, and the accompanying natural disasters such as wind disasters, snow disasters, floods, and droughts have become more frequent and serious. Such disasters will have an impact on the supply of key components, product transportation, warehousing, and sales in some supply chains, which in turn will cause fluctuations in overall corporate operating costs. In this regard, the company will reduce such impacts through measures such as supply chain management. As consumers become more aware of green sourcing in the face of climate change and global warming, changes made to meet the market demand for mitigation and adaptation to climate change will create opportunities for the Group, such as the development of new products of green energy technologies that reduce pollution. The response measures are to reduce operating costs by improving the efficiency of resource use, reducing water consumption and consumption, or adopting more efficient modes of transportation.	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(4) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		<p>(4) Besides strictly complying with international environmental protection criteria and researching and developing products compliant with the RoHS, the Company also authorizes waste treatment service providers approved by the Environmental Protection Administration to clear the waste and enforce pollution prevention to maintain a sanitary environment in compliance with the Waste Disposal Act, Noise Control Act, Air Pollution Control Act, and Water Pollution Control Act, among others.</p> <p>We comply with relevant environmental laws and regulations, including, but are not limited to, Waste Disposal Act, Water Pollution Control Measures and Testing Reporting Management Regulations, and Air Pollution Control Act.</p> <p>The overall greenhouse gas emissions、the water consumption and waste volume over the past two years of the Company are as follows:</p>	



Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies																		
	Yes	No	Summary																			
			<table><tr><th>Year</th><th>Emissions in 2021 Metric tons of CO2e/peryear)</th><th>Emissions in 2022 Metric tons of CO2e/peryear)</th></tr><tr><td>Category 1</td><td>7,658</td><td>4,815</td></tr><tr><td>Category 2</td><td>19,064</td><td>14,313</td></tr></table> <p>Note : The data covers Taiwan factory 、 Suzhou factory 、 Jiangyin factory and Shenzhen factory</p> <table><tr><th></th><th>2021</th><th>2022</th></tr><tr><td>the water consumption (m³)</td><td>207,160</td><td>168,006</td></tr><tr><td>waste volume (Ton)</td><td>1,926</td><td>1,725</td></tr></table> <p>Note : The data covers Taiwan factory 、 Suzhou factory 、 Jiangyin factory and Shenzhen factory</p> <p>The company has obtained ISO14001 system (the latest validity period is 2021.5.26~2024.05.31) and IECQ QC080000 system (the latest validity period is 2020.08.23~2023.08.23) certification.</p>	Year	Emissions in 2021 Metric tons of CO2e/peryear)	Emissions in 2022 Metric tons of CO2e/peryear)	Category 1	7,658	4,815	Category 2	19,064	14,313		2021	2022	the water consumption (m³)	207,160	168,006	waste volume (Ton)	1,926	1,725	
Year	Emissions in 2021 Metric tons of CO2e/peryear)	Emissions in 2022 Metric tons of CO2e/peryear)																				
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	2021	2022																				
the water consumption (m³)	207,160	168,006																				
waste volume (Ton)	1,926	1,725																				
IV. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the international Bill of Human Rights?	V		(1)The company complies with relevant labor laws and international human rights conventions, protects the legitimate rights and interests of employees, respects	At present There are no major impediments or deviations in																		

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>the internationally recognized principles of basic labor human rights, prohibits the use of child labor, and eliminates discrimination against women.</p> <p>We also make every possible effort to ensure that our recruitment policy does not discriminate based on gender, ethnicity, age, marital status, and/or family conditions. We also ensure a working environment that all employees are protected from not being bullied, discriminated, and harassed.</p> <p>(2) Besides providing competitive salaries, we offer performance incentive and year-end bonus reflective of personal performance if employees fulfill the operating goals set by the company. The Company has an employee bonus system, allowing employees to participate in the sharing of management results. The Company provides labor insurance program, health insurance program, and a variety of group insurance programs for employees to choose among from. The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual</p>	implementation

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(3) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training?	V		<p>pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiary in mainland China, United Kingdom, United States and Germany are members of a state-managed retirement benefit plan operated by the local government.</p> <p>(3) The company has been ISO45001 certified and has based its comprehensive developments on the above-mentioned management regulations. With promotion of the environmental safety and health management system, the safety and health culture of the Company is enhanced. Relevant departments regularly carry out environmental and facility inspection every month. Implement environmental safety laws and regulations, relevant personnel to take skills certification.</p>	
(4) Does the company set up effective career development and training programs for its employees?	V		<p>(4) To make the employees grow in line with the company, the company has established a comprehensive training program based on the company's business philosophy, long-term operation strategy and talent development strategy. Through internal and external training, employees can improve work skills, quickly adapt to</p>	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
(5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	V		<p>environmental changes, improve work performance, improve product and service quality, create personal and organizational competitiveness and make employees' career development and business development complement each other.</p> <p>(5) The products produced by the company are in line with the commercial standards of IC product reliability testing and international ISO certification (such as ISO 14001 and IATF 16949) and international green energy standards (in compliance with EU RoHS regulations), to provide customers with quality products as the purpose. The company complies with confidentiality agreements and the "Personal Data Protection Act" for the customers' privacy; to reduce the health and safety risks of employees, visitors and customers. At the same time, the company also provides standardized and effective complaint procedures for products and services. The company stipulates the attribution of responsibilities and relevant provisions in the contract with customers. In case of related problems, you can directly contact the business personnel provided on the company's website.</p>	

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
<p>(6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?</p>	V		<p>Customer service units and stakeholders will be in the dedicated area to protect consumer rights and interests and provide channels for appeals.</p> <p>(6) The company formulates a supplier management policy to ensure that the raw materials meet the required quality standards. The company requires the supplier's quality control system to be based on ISO9001, with IATF16949 as the goal and with priority to obtain QC080000/ ISO14001/ISO45001 and other certifications and comprehensively evaluates the technical capabilities, supply chain risks, etc. of new suppliers, provides products that meet the requirements of RoHS, REACH, local government regulations, etc. and fully comply with the laws and regulations of the countries/regions where they operate. Meanwhile, the company will conduct audits regularly, the audit results are also one of the important factors for the company's decision-making.</p>	
<p>VI. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-</p>	V		<p>The company has set up a website to disclose corporate social responsibility related information, and has dedicated</p>	<p>At present There are no major</p>

Performance Evaluation Items	Operational status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary	
financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?			staff to update and maintain the information. Website ( <a href="http://www.ventec-group.com/">http://www.ventec-group.com/</a> )	impediments or deviations in implementation
VII. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: No significant difference				
VIII. Other important information to facilitate a better understanding of the company's corporate social responsibility practices: None				

#### 4.6 Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Performance Evaluation Items	Operational status			Deviations from Ethical Corporate Management Best-Practice Principles forTWSE/TPEX Listed Companies and Reasons For such Discrepancies
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policy and approaches</p> <p>(I) Did the company establish an ethicalcorporate management policy that wasapproved by the Board of Directors, and declare its ethical corporate managementpolicy and methods in its regulations and external documents, as well as the commitment of its Board andmanagement to implementing the management policies?</p> <p>(II) Does the company establish mechanisms for assessing the risk of unethicalconduct, periodically analyze and assessoperating activities within the scope of business with relatively high risk of unethical conduct, and formulate anunethical conduct prevention plan onthis basis, which at least includespreventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEXListed Companies?</p>	V          V		<p>(I) The Company has formulated Ethical Corporate Management Best Practice Principles to regulate relevant policies of the Company. The goal is to ensure that employees, managers, and directors are familiar and comply with these principles and policies and that they are incorporated into the internal control system.</p> <p>(II) The company has signed clean terms with employees, and has set "employee work rules", stating that employees shall not accept any gifts in a direct or indirect manner, and indeed prevent the possibility of dishonesty, reduce risks, and give them based on rewards and penalties punish.</p>	At present there are no major impediments or deviations in implementation.

Performance Evaluation Items	Operational status			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons For such Discrepancies
	Yes	No	Summary	
(III) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	V		(III) The Company strictly abides by Ethical Corporate Management Best Practice Principles. Offering and acceptance of bribes and illegal contributions is explicitly forbidden.	
2. Implementing ethical corporate management (I) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?	V		(I) Agreements concluded with cooperating subcontractors clearly stipulate that both sides shall not accept bribes or engage in any other unethical business practices.	At present there are no major impediments or deviations in implementation.
(II) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?	V		(II) The Administrative Division serves as the dedicated unit of the Company for the promotion of ethical corporate management. It submits reports to the board after regular reviews.	
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policies properly?	V		(III) Where directors or the juristic persons they represent have conflicts of interest that may prejudice the interest of the Company, said directors may state their opinions and respond to inquiries but may not participate in discussion or voting.	



Performance Evaluation Items	Operational status			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons For such Discrepancies
	Yes	No	Summary	
<p>(IV) Does the company have effective accounting system and internal controls set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based</p> <p>(V) Does the company regularly hold internal and external education and training for ethical corporate management?</p>	V		<p>(IV) The Company has established an effective accounting and internal control system. Internal auditors regularly audit compliance with said system.</p> <p>(V) The Company holds internal and external education and training for ethical corporate management periodically in line with actual needs.</p>	
<p>3. Operational status of the whistle blowing channels</p> <p>(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to receive complaints?</p> <p>(II) The Company has established a whistleblowing system and set up standard operating procedures and related confidentiality mechanisms for investigating reported cases.</p>	V		<p>(I) The Company has set up a grievance mailbox. Where employees detect conduct that violates relevant laws and regulations or the code of ethical conduct, reports are handled by dedicated personnel assigned by the Company. Penalties are imposed and disciplinary action is taken after joint deliberations by the GM and HR Department in accordance with the severity of the violation.</p> <p>(II) The Company has established internal communication channels. The HR Department is responsible for the handling of related matters. Confidentiality mechanisms have been adopted</p>	At present there are no major impediments or deviations in implementation.

Performance Evaluation Items	Operational status			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons For such Discrepancies
	Yes	No	Summary	
(III)The Company has established a whistleblowing system and set up measures to protect whistleblowers from inappropriate disciplinary actions or retaliation for reporting purposes.	V		for relevant information. (III)The Company protects whistleblowers from inappropriate disciplinary actions through its HR Department, which has overall responsibility.	
4. Strengthening information disclosure has the Company disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS)?	V		Upon its IPO, the Company developed various CSR systems in a prompt manner.Relevant information is disclosed on its official website for viewing by the public.	At present there are no major impediments or deviations in implementation.
5. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe any discrepancies between the prescribed best practices and the actual implementation of the Company:No discrepancy or deviation.				
6. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles)None.				

- 4.7 If the Company has established Corporate Governance Principles and related guidelines, disclosure of the method for searching their contents:  
The Company has established Corporate Governance Principles and related guidelines, and they have been published on the corporate website.
- 4.8 Any material information as to increasing an understanding of the Company's governance operating status: none.

#### 4.9 Status of implementation of the internal control system:

##### (1) Internal Control Statement:

Ventec International Group Co., Ltd.  
Statement on Internal Control System

Date: March 14, 2023

The Company's internal control system for 2022 is announced according to the results of self-evaluation, and the following is a summary thereof:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and the managers of the Company, and the Company has established such a system. Our internal control process is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations, to ensure reasonable assurance thereof.
2. The internal control system has inherent limitations. No matter how complete their design, effective internal control systems are limited to providing reasonable assurance of the aforementioned three objectives. Moreover, in light of the environment and changes in circumstances, internal control system effectiveness may also be affected. However, the Company's internal control system contains self-monitoring mechanisms, and when any fault is noted, the Company immediately deploys corrective action.
3. The Company has made its judgments as to components of, and the effectiveness of the design and implementation of the internal control systems according to the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Compliance Guidelines"). The internal control system adopted in the "Compliance Guidelines" involves the process of management control, and is divided into five elements:  
(1) The control environment, (2) Risk assessment, (3) Control processes, (4) Information communication, and (5) Supervision operations. Each constituent element includes a number of items. For the aforementioned items, please refer to the "Compliance Guidelines".
4. The Company has adopted the abovementioned internal control system assessment items to evaluate the effectiveness of the internal control system design and implementation.
5. In accordance with the Company's aforementioned evaluation, the Company found that its internal control system (including the assessment and management of subsidiaries) including efficacy of understanding operations, efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant Guidelines and law, indicate that the internal control system design and implementation are effective, and can reasonably provide assurance of the aforesaid goals as of December 31, 2022.
6. This Declaration will become an integral part of the main contents of the Company's annual report and Prospectus, and shall be made public. For any falsehood, concealment, or other illegality in the content to be made public, there will be legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The Statement has been agreed to by the Company's Board of Directors on March 14, 2023, where none of the 7 directors present voted against the resolution, and the remaining directors thus all agreed with the content of the Statement, and such is now attested to.

Ventec International Group Co., Ltd.  
Chairman: Lao, Kai-Lu  
General Manager: Chung, Chien-Jen

(2) For any CPA retained to conduct a project review of the internal control system, the CPA's audit report shall be disclosed: None.

4.10 For the most recent fiscal year up to the publication of this Annual Report, explain any circumstances in which the Company or its personnel have been punished by law, any penalties applied to the Company or internal personnel for violations of internal control system regulations, and any material deficiencies and ameliorative action: None.

4.11 Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this Annual Report.

(1) Key resolutions adopted by the Shareholders' Meeting

Date	Major resolutions of the shareholders' meetings	Status of the execution
2022/6/17	1. Approval of 2021 Business Report and Financial Statements	Approval by resolution
	2. Approval of 2021 Earnings Distribution Proposal	Approval by resolution and cash dividends of NT\$6.60 per share
	3. Amendments to the Articles of Association (Special Resolution passed)	Approval by resolution and completion of document filing
	4. Amendments to the Rules of Procedure for Shareholders' Meetings	Approval by resolution and implementation of amended procedures
	5. Amendments to the Regulations Governing the Acquisition and Disposal of Assets	Approved by resolution

(2) Key resolutions adopted by the Board of Directors

Date	Important resolutions adopted in board of directors meetings
2022/3/4	1. The company has changed its certified accountants 2. 2021 Business Report and Financial Statement 3. 2021 Earnings Distribution Proposal 4. 2021 Internal Control Statement 5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Corporation at Yuanta Bank Taipei 6. Amendment of the internal control system of the company and its subsidiaries 7. Amendments to the Practice Principles for Corporate Social Responsibility 8. Amendments to the Code of practice on corporate governance 9. Approval of British Cayman Islands "Economic Substance Declaration Declaration" and "Annual Declaration". 10. 2021 Distribution Proposal of Directors' Remuneration and Employee Bonus 11. The Company's 2021 Annual Review of directors' compensation, managers' compensation and employees' compensation 12. Resolution Passed on Date, Location and Bills for Shareholders General Meeting 2022 13. Resolution Passed on Matters concerning Claim to Proposals of Shareholders who Possess more than 1% of Shareholding Ratio

Date	Important resolutions adopted in board of directors meetings
2022/4/27	<ol style="list-style-type: none"> <li>1. Approval of 2022 Q1 Consolidated Financial Statement.</li> <li>2. Amendments to the Articles of Association(Special Resolution passed)</li> <li>3. Amendments to the Rules of Procedure for Shareholders' Meetings</li> <li>4. Application for cancellation and extension of loan from Ventec International Group Limited(SAMOA)and Ventec Logistics Limited</li> <li>5. The amendments to the Regulations Governing the Acquisition and Disposal of Assets</li> <li>6.The amendments to the Regulations Governing the Acquisition and Disposal of Assets for the subsidiary</li> <li>7. Resolution Passed on Date, Location and Bills for Shareholders General Meeting 2022(New items for discussion)</li> </ol>
2022/6/17	<ol style="list-style-type: none"> <li>1. Approval of Subsidiary of Ventec Electronics Corporation provided endorsement guarantee to Ventec Electronics (HK) Co., Ltd. in Taiwan Cooperative Bank</li> <li>2. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei</li> <li>3. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank.</li> <li>4.Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. and Ventec Electronics (HK) Co., Ltd.at CTBC Bank</li> <li>5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at Taiwan Yushan Bank</li> <li>6. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at Industrial and Commercial Bank of China.</li> <li>7. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at China Construction</li> </ol>
2022/6/30	Approval and extend of loans to the subsidiary Ventec Europe Limited by by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd.
2022/08/10	<ol style="list-style-type: none"> <li>1. The company's earnings allocation plan for the first half of 2022</li> <li>2. The company's earnings allocation plan for the first half of 2022</li> <li>3. Applied for provision of an endorsement/guarantee by the Company for the subsidiary Ventec International Group Limited(HK)for the subsidiary Ventec Europe Ltd.</li> </ol>
2022/11/9	<ol style="list-style-type: none"> <li>1. Approval of 2022 Q3 Consolidated Financial Statement.</li> <li>2.Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd.and Ventec Electronics Corporation at Taishin Bank Taipei</li> <li>3. Amendments to some of the provisions of the Company's "Internal Trading Prevention and Internal Material Information Management Procedures".</li> </ol>
2022/12/21	<ol style="list-style-type: none"> <li>1. Approval of the company's 2022 budget.</li> </ol>

Date	Important resolutions adopted in board of directors meetings
	2. Approval of the company's audit plan for 2022 3. Extend of loans to the subsidiary Ventec Central Europe GmbH. by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. 4. The company's certified accountant appointment independence evaluation
2023/3/14	1. 2022 Business Report and Financial Statement 2. The capital reduction due to cancellation of Restricted Stock Awards 3. 2022 Earnings Distribution Proposal 4. 2022 Internal Control Statement 5. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Corporation at Yuanta Bank Taipei 6. Amendments to the Articles of Association (Special Resolution passed) 7. 2022 Distribution Proposal of Directors' Remuneration and Employee Bonus 8. Change of legal representative of Ventec Electronics Corporation Ventec Electronics (Suzhou) Co., Ltd. and Ventec Electronics (Jiangyin) Co., Ltd. 9. Amendment to part of the Company's Audit Committee Procedures and Operation Management. 10. Amendments to the Regulations Procedure for Board of Directors Meeting and the Principles of Sustainable Development 11. Approval of British Cayman Islands "Economic Substance Declaration Declaration" and "Annual Declaration". 12. Resolution Passed on Date, Location and Bills for Shareholders General Meeting 2023 13. Resolution Passed on Matters concerning Claim to Proposals of Shareholders who Possess more than 1% of Shareholding Ratio
2023/5/4	1. Approval of 2023 Q1 Consolidated Financial Statement. 2. Extend of loans to the subsidiary Ventec USA LLC. by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. 3. Approval of Subsidiary of Ventec Electronics Corporation provided endorsement guarantee to Ventec Electronics (HK) Co., Ltd. in Taiwan Cooperative Bank 2. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (HK) Co., Ltd. at CitiBank Taipei 3. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at CitiBank 6. Approval of provision of an endorsement/guarantee by the Company for the subsidiary Ventec Electronics Co., Ltd. and Ventec Electronics (HK) Co., Ltd. at CTBC Bank 7. Credit line renewal for the subsidiary Ventec Electronics (Suzhou) Co., Ltd. at China Construction Bank 8. Amendments to the Regulations for Remuneration Measures for Directors and Managers

Date	Important resolutions adopted in board of directors meetings
	9. The review plan of directors' compensation allocation for 2022 10. Compensation review of the company's independent directors 11. The review plan of managers' compensation allocation for 2022 12. Proposal for the CEO's salary evaluation review for 2023 13. Proposal for the chairman's salary evaluation review 14. Announcement that the company has appointed the first director of corporate governance 15. Chiu, Chiao Wei salary evaluation of Subsidiary of Ventec Electronics Corporation for 2023 Proposal

4.12 Major content of any dissenting opinion by a Director or Supervisor memorialized in a record or statement thereof, on the Board's approval of important resolutions in the most recent year up to the publication date of this annual report: None.

4.13 Resignation and dismissal of the Company's Chairman, President, accounting manager, financial manager, internal audit manager and R&D manager in the past fiscal year and as of the date of publication of the Annual Report: None

## 5、 Audit Fees

### 5.1 CPA fees information

Name of accounting firm	Name of CPA	Audit period	Audit Fee	Non-Audit Fee	Total	Remar
Deloitte & Touche	Liu, Yi-Ching Chen, Chun-Hung	2022/01/01-2022/12/31	6,700	377	7,077	Non-audit public expenses are mainly transfer pricing and project review

5.2 If the non-audit fees paid to CPAs, accounting firms and affiliated companies of the CPA are more than one-fourth of the audit fees paid to the CPA, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: None.

5.3 Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons thereof shall be disclosed: None.

5.4 Where accounting fees paid for the year were 15% (or higher %) less than that of the previous year, the sum, proportion, and reasons thereof shall be disclosed: None.

6、 Information for change of CPA: Not Applicable

7、 The Company's Chairman, President, Managers Responsible for Finance and Accounting who have held a position in the CPA Office or its affiliates within the latest year: None

8、Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Hold 10% or More of the Company Shares:

8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of the current year through to April 18, 2023	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Top Master Limited	-	-	-	-
	Representative : Lao, Kai- Lu				
Director	Alpha Victor Limited	-	-	-	-
	Representative :: Wang, Yu-Tzu				
Director and CEO& General Manager	Chung, Chien-Jen	16,500	-	-	-
Chief Financial Officer	Tu, Jennifer	-	-	-	-
Independent Director	Sheu, Yuan- Kuo	-	-	-	-
Independent Director	Chen, Tsung-Hsi	-	-	-	-
Independent Director	Hou, Yu-Tau	-	-	-	-

8.2 Shareholding transferred: Not applicable.

8.3 Shareholding pledged: Not applicable.



9. Information of Relationship among the Top 10 Shareholders Who Are Related, Spouses or Relatives within the Second Degree of Kinship

April 18, 2023; Unit: Thousand shares; %

Name	Current shareholding		SPOUSE & MINOR CHILDREN'S SHAREHOLDING		SHAREHOLDING IN NAME OF OTHERS		Name, relationship of top ten shareholders are spouses of within 2 degrees of consanguinity to each other	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Top Master Limited Representative: Lao, Kai- Lu	4,713,307	6.60	—	—	—	—	—	—
Alpha Victor Limited Representative: Wang, Yu-Tzu	4,090,908	5.73	—	—	—	—	—	—
Prime Mission Limited Representative: Wang Jian- Guo	1,849,809	2.59	—	—	—	—	—	—
Yang, Han-Chi	1,754,936	2.46	—	—	—	—	—	—
Win Master Limited Representative: Liu, Ta-Wei	1,713,000	2.40	—	—	—	—	—	—
Chung, Chien-Jen	1,280,123	1.79	166,848	0.23	—	—	—	—
CTBC BANK CO., LTD IN CUSTODY FOR VENTEC INTERNATIONAL GROUP CO., LTD MAINLAND CHINA EMPLOYEES COLLECTIVE	1,153,200	1.61	—	—	—	—	—	—
CTBC BANK CO., LTD IN CUSTODY FOR VENTEC INTERNATIONAL GROUP CO., LTD OVERSEAS FOREIGN EMPLOYEES COLLECTIVE	894,701	1.25	—	—	—	—	—	—
Song, Wei- Ting	714,000	1.00	—	—	—	—	—	—
Ji ,Liang	488,520	0.68	—	—	—	—	—	—

10、Shareholding Proportion of Ventec to Investees.

Dec 31, 2022; Unit: Thousand shares

Investees by equity method	The Company's Holdings		Direct and Indirect Holding of Directors and Managers		Total Holdings	
	Shares	%	Shares	%	Shares	%
VIG Samoa	46,600	100	-	-	46,600	100
VIG HK	31,110	100	-	-	31,110	100
VLL BVI	8,010	100	-	-	8,010	100
VT HK	10	100	-	-	10	100
VT TW	10,000	100	-	-	10,000	100
VT UK	807	100	-	-	807	100
VT DE	400	100	-	-	400	100
VT US	( Note)	100	-	-	( Note)	100
VT SZ	( Note)	100	-	-	( Note)	100
VT JY	( Note)	100	-	-	( Note)	100
VT SZWT	( Note)	100	-	-	( Note)	100

Note: This is a limited company and has no shares.

#### IV. CAPITAL OVERVIEW

##### 1、Capital and Shares

##### 1.1 Issued shares

##### (1)Source of capital stock

April 18, 2023; Unit: Thousand shares;

Type of Stock	Authorized Share Capital			Remarks
	Issued outstanding shares	Unissued shares	Total	
Registered common shares	71,434,745	18,565,255	90,000,000	-

##### (2)Source of capital stock

Unit: Thousand shares/ NT\$ Thousands

Month /Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets other than Cash	Other
2012/10	NT\$10	90,000	900,000	45,000	450,000	Capitalstockat establishment	—	—
2016/2	USD 0.6667	90,000	900,000	48,430	484,306	Capitalization By cash	—	—
2016/12	USD 0.35	90,000	900,000	51,419	514,191	Employee Stock Options	—	—
2017/3	USD 0.45	90,000	900,000	54,413	544,126	Capitalization By cash	—	—
2017/5	USD 0.6667	90,000	900,000	56,114	561,143	Capitalization By cash	—	—
2017/10	NT\$22	90,000	900,000	58,614	586,143	Employee Stock Options	—	—
2018/10	NT\$65	90,000	900,000	64,614	646,143	Capitalization by cash	—	—
2019/4	NT\$60	90,000	900,000	70,654	706,543	Capitalization by cash	—	—
2020/9	NT\$10	90,000	900,000	71,454	714,543	Issuance of New Employee Restricted Shares	—	—
2023/3	NT\$10	90,000	900,000	71,434	714,347	cancellation of Restricted Stock Awards	—	—

Information on the shelf registration system: Not applicable

## 1.2 Composition of shareholders

April 18, 2023; Unit: shares; %

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Foreign Institutions & Foreign Persons	Total
Number	—	—	122	18,854	83	19,059
Number of shares owned	—	—	1,225,492	50,862,003	19,347,250	71,434,745
holding%	—	—	1.71	71.21	27.08	100.00

Note: The shareholding percentage of Mainland Chinese is 1.61%.

## 1.3 Distribution profile of share ownership

April 18, 2023

Shareholder Ownership	Number of Shareholders	Number of shares owned	Percentage ownership(%)
1-999	8,637	204,141	0.29
1,000-5,000	8,779	16,717,562	23.40
5,001 -10,000	893	6,940,169	9.72
10,001-15,000	256	3,337,620	4.67
15,001-20,000	163	3,027,232	4.24
20,001-30,000	120	3,064,900	4.29
30,001-40,000	49	1,774,697	2.48
40,001-50,000	41	1,906,550	2.67
50,001-100,000	55	3,929,157	5.50
100,001-200,000	33	4,738,646	6.63
200,001-400,000	18	5,017,567	7.02
400,001-600,000	6	2,612,520	3.66
600,001-800,000	1	714,000	1.00
800,001-1,000,000	1	894,701	1.25
1,000,001 and over	7	16,555,283	23.18
Total	19,059	71,434,745	100.00

Note: The Company has not issued preferred shares

1.4 Main shareholders list: list the names of shareholders holding more than 5% of shares or those with the top ten shareholdings, the amount of their shareholders and its percentile

April 18, 2023; Unit: shares

Shareholders	shares	Total shares owned	Ownership (%)
Top Master Limited		4,713,307	6.60
Alpha Victor Limited)		4,090,908	5.73
Prime Mission Limited		1,849,809	2.59
Yang, Han-Chi		1,754,936	2.46
Win Master Limited		1,713,000	2.40
Chung, Chien- Jen		1,280,123	1.79
CTBC BANK CO., LTD IN CUSTODY FOR VENTEC INTERNATIONAL GROUP CO., LTD MAINLAND CHINA EMPLOYEES COLLECTIVE		1,153,200	1.61
CTBC BANK CO., LTD IN CUSTODY FOR VENTEC INTERNATIONAL GROUP CO., LTD OVERSEAS FOREIGN EMPLOYEES COLLECTIVE		894,701	1.25
Song, Wei- Ting		714,000	1.00
Ji ,Liang		488,520	0.68

1.5 Net worth, earnings, dividends, and market price per common share

Items		Year	2021	2022	Jan,1–Mar31 2023
Market price per share	Highest		194.00	138.00	88.30
	Lowest		62.50	56.70	74.20
	Average		121.25	85.07	84.29
Net Worth Per Share	Before Distribution		42.69	43.29	-
	After Distribution		36.09	39.70	-
Earnings per Share	Weighted Average Shares (Thousand shares)		70,654	70,720	70,720
	Basic Earnings per Share		11.72	6.60	1.07
Dividends per Share	Cash Dividend		6.60(Note 2)	3.60(Note 2)	-
	Stock Dividend	From Retained Earnings	-	-	-
		From Capital Surplus	-	-	-
	Accumulated Undistributed Dividend		-	-	-
Return on Investment	Price/Earnings Ratio		10.35	12.89	-
	Price/Dividend Ratio		18.37	23.63	-
	Cash Dividend Yield		5.44	4.23	-

Note 1: On June 17, 2022, the Company distributed a cash dividend of NT\$6.60 per share as resolved by the shareholders' meeting.

Note 2: The earnings distribution for the first half of 2022 was not distributed by the resolution of the Board of Directors on August 10, 2022; the earnings distribution for the second half of 2022 was resolved by the Board of Directors on March 14, 2022 as a cash dividend of NT\$3.60 per share, and the rest of 2022The distribution project is yet to be finalized after the resolution of the shareholders' meeting.

## 1.6 Company's dividend policy and implementation status

### (1) Dividend Policy:

Under the dividends policy as set forth in the Articles of Incorporation, the Company is in the growing stage where the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, financial structure, funds requirements, and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company. Being subjected to the laws, applicable listing rules and the Articles, and otherwise provided by the rights attached to any shares, if the Company still has a surplus at the end of the fiscal year, it will pay all relevant taxes, offset any losses (including losses of previous years and adjusted undistributed profits), set aside the statutory reserves of the remaining profits (provided that setting aside the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total paid-in capital), and set aside any special reserve. The board may, by a resolution passed by a majority of the directors, of which two-thirds or more of the board are present, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of shares held by them. In addition, a report of such distribution shall be submitted to the general meeting, provided that, cash dividends shall not be lower than ten percent (10%) of the total amount of dividends to be paid out. The Company may resolve to distribute net profits or offset losses at the end of each half of the fiscal year. When the Company still has a net profit at the end of the first half of the fiscal year, the Company shall first estimate and reserve the amount of compensation of employees, including the remuneration of directors, and then pay tax from the said profits. After offsetting losses (including losses as at the beginning of the first half of the fiscal year and any adjusted undistributed profits), the statutory reserve of the remaining profits will be set aside in accordance with the applicable listing rules (provided that the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total paid-in capital). Any other special reserve will also be set aside. The board may, subject to the compliance with the percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the special reserve) in addition to the accumulated undistributed profits at the beginning of the first half of the fiscal year (including adjusted undistributed profits). This may be in whole or in part as dividends/bonuses that are proportional to the number of shares held by them respectively pursuant to the Articles. In addition, a report of such distribution shall be submitted to the general meeting. Being subjected to the laws, the applicable listing rules and the Articles, the Company may distribute any part or all of the dividends or bonuses to the members in accordance with the preceding Articles. The Company may do so by applying the payment in full unissued shares for allocation and distribution to the members.

(2) Proposed dividend to be resolved in the upcoming General Shareholders' Meeting:

The company's surplus allocation proposal for the first half year of 2022 was not allocated after the board of directors passed a resolution on August 10, 2022; The Earnings Distribution Proposal for the Second Half Year of 2022 has been approved by the Board of Directors on March 14, 2023, with a cash dividend of NT\$3.60 per share.

(3) If the Dividend Policy Is Expected to Change Substantially: None

1.7 Effects on business performance and EPS resulted from stock distribution proposed by 2022 Annual General Shareholders' Meeting: Not applicable.

1.8 Remunerations for employees, directors and supervisors:

(1) Quantity or scope of compensation for employees, directors, and supervisors as prescribed under the Articles of Incorporation :

During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than five percent (5%) and not more than ten percent (10%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than two percent (2%) hereof to the Directors as the Directors' compensations, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employees' and Directors' compensations shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensations shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph of this Article.

(2) Accounting treatment for the basis of estimating the amount of the employees' compensation and director's and supervisors' remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees' compensation, and accounting handling for any discrepancy between the actual amount distributed and the estimated figures:

The Company shall calculate the remuneration of employees and directors in proportion to the net profit before tax for the current year before deducting employee and Director remuneration. If there is a change in the amounts after the annual financial statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

(3) Information on allocation of compensation approved by the Board of Directors:

(a) The amount of employee compensation and directors' and supervisors' remuneration distributed in cash or shares: The Company's Board of Directors resolved on March 14, 2023 to propose a distribution of NT\$10,489 thousands (USD353 thousands) for Director remuneration and NT\$47,546 thousands (USD1,588 thousands) for employee remuneration. There is no difference between the estimated amount of compensation and that recognized for the current year.

(b) The amount of employee compensation distributed in stock and the ratio thereof to total net income after tax and total employee benefits in the current period: The Company did not propose to distribute employee stock remuneration.

(4) Actual distribution of employees, directors and supervisors' compensation in the previous year :

The earnings of 2021 was approved by the shareholders' meeting held in 2022 and the sum was the same as was recognized by the board of directors' meeting.

1.9 Buyback of the Company stock: None.

2、Corporate Bonds: None.

3、Preferred Stock issued: None.

4、Issuance of Overseas Depositary Receipts: None.

5、Employee Stock Options : None.



6、Employee Restricted Stock Option:

6.1 Any new shares with limited employee rights which have not fully met the vested conditions shall disclose the status of the transaction as of the publication date of the annual report and its impact on shareholders' equity

April 18, 2023; Unit: shares

The types of employee restricted stock	For the first time in 2020 employee restricted stock
Effective date of declaration registration	2020/7/24 800,000
Issue date	2020/9/23
Number of new shares issued employee restricted stock	240,000
The number of new shares with restricted employee rights still be issued	560,000
Issued price	Issued at NT\$0
Ratio of issued new shares with restricted employee rights to total issued shares	1.12%
Vesting conditions	<p>Employees who are granted with the restricted employees shares should remain employed by the company with 1 year or more from the time of the award of the new restricted employee shares and have achieved the required individual performance rating. The proportions of shares are granted to employees according to the respective vesting conditions reached as follows:</p> <p>Remain employed after 2 year from the time of the award: 30% of the distribution.</p> <p>Remain employed after 3 year from the time of the award: 30% of the distribution.</p> <p>Remain employed after 4 year from the time of the award: 40% of the distribution.</p> <p>The operating target referred to in these Measures refers to the fact that the company's gross profit rate in the previous year is not lower than the average level of its peer companies Elite Material Co., Ltd., Taiwan Union Technology Corporation and ITEQ Corporation in the same year, and the operating profit rate is not lower than the average level of the same year. Lower than the previous year's level of established Japanese companies.</p>
Restrictions on share rights prior to meeting of vesting conditions	(1) The employees shall not sell, pledge, transfer, give to others as a present, create encumbrance on or dispose

	<p>in other way the unvested Restricted Shares until such Restricted Shares are vested.</p> <p>(2) The employees holding vested Restricted Shares are entitled to the rights to participate in shares dividends distribution and are entitled to the rights to participate in cash dividends distribution, the preemptive rights to subscribe for the new shares issued for cash capital increase and the rights to vote.</p> <p>(3) After the Grant Date, the employees shall put all the Restricted Shares granted to them into a trust or an escrow immediately, and shall not ask the trustee or escrow bank to return the trusted or escrowed restricted Shares before such Restricted Shares are vested.</p> <p>(4) Where the company carries out non-statutory capital reductions including cash capital reductions during the vesting period, restricted stock awards shall be canceled in proportion to said capital reduction. Capital returned in the context of cash capital reductions shall be held in trust and may only be handed over to employees when vesting conditions are met. The Company may seize such cash if vesting conditions are not met.</p> <p>5. The company gratuitous allotment stop the transfer date, the cash dividend to stop the transfer date, the cash capital increase subscription to stop the transfer date, the shareholders will be stopped during the transfer, or the occurrence of other facts in accordance with the statutory right to stop the transfer period to dispatch the reference date, the conditions for this period reached a vested For employees of, the time limit and procedures for the removal of their acquired shares shall be implemented in accordance with the trust custody contract or relevant regulations.</p>
Custody	<p>During the delivery of the Restricted Stock Awards to the Trust, the company shall be the sole agent of the employees and stock trusts, and shall conduct, sign, revise, extend, dismiss, terminate, and deliver the Trust Property, application and disciplinary instructions (including but not limited to).</p>
Methods to Handle the Unvested	<p>(1)resignation: (Voluntary / Retirement / Severance /</p>

<p>Restricted Shares in the Following Conditions</p>	<p>dismissal):</p> <p>In the case of employees who resign, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to reach the condition of the vesting on the effective date of the resignation. Our company will withdraw issued shares without compensation and cancel all shares granted.</p> <p>(2) Leave of absence:</p> <p>In the case of employees who are specially approved for a leave of absence, about the part of the Restricted Stock Awards that has not reached the vested period, the calculation will be suspended from the effective date of the leave of absence, and will be calculated continuously from the date of reinstatement. The timetable of paragraph 5.3 of this Article will be deferred. If there is no reinstatement before the expiration of a leave of absence, it will be treated as voluntary resignation accordingly.</p> <p>(3) General death:</p> <p>In the case of employees who die due to non-occupational disasters reason, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition on the death date. Our company will withdraw issued shares without compensation and cancel all shares granted.</p> <p>(4) occupational disasters: :</p> <p>i. In the case of employees who are unable to continue to serve due to a physical disability due to occupational disasters, the part of the Restricted Stock Awards that has not reached the vested period is still process in accordance with the provisions of paragraph 5.3 of this Article.</p> <p>ii. In the case of employees who are died due to occupational disasters, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition in accordance with the provisions of paragraph 5.3 of this Article. Our company will withdraw issued shares without compensation and cancel all shares granted. the legal heirs of the employee can complete the vesting shares if they have completed the necessary procedures and provided relevant supporting documents according to the actual situation.</p>
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	<p>(5) A transfer to relationship enterprise:</p> <p>i. In the case of employees who transfer to a relationship enterprise, for the part of the Restricted Stock Awards that has not reached the vested period, it shall be treated as voluntary resignation accordingly.</p> <p>ii. For the purpose of the company's operations, when it is appointed or transferred to the company's affiliate company or other company, for the part of the Restricted Stock Awards that has not reached the vested period, after the employee is appointed or transferred to the company's relationship company or other company, and under the condition that the employee remain in-service, it is still process in accordance with the provisions of paragraph 5.3 of this Article, but whether the individual performance assessment have reached the vested conditions will be determined by the CEO of the company with reference to the performance of the company's requirements and the performance evaluation provided by the company which the employee transfer to.</p> <p>(6) Where employees voluntarily relinquish their right to restricted stock awards by written declaration, the Company shall seize and cancel such shares without compensation pursuant to relevant laws.</p> <p>(7) Where employees are penalized with a major demerit or above for violations of provisions set forth in the work rules or employee manual, the Company shall seize and cancel such shares without compensation pursuant to relevant laws.</p> <p>(8) Where the delegated authorization of the Company is terminated or rescinded by employees, unvested restricted stock awards shall be seized and canceled by the Company without compensation pursuant to relevant laws.</p>
Reposessed or repurchased	19,600
Lifted restrictions	240,000
Number of new shares that have not lifted the restricted rights	540,400
The ratio of the number of new shares with unrestricted rights to the total number of shares issued (%)	0.75%
Impact on shareholders' equity	Based on the number of the company's outstanding shares at the time of issuance, the dilution to the company's future annual earnings per share is still limited, and there is no significant impact on shareholders' equity.

6.2 Names, acquisition and subscription of shares for manager(s) acquiring employee restricted stock and top ten employees with the number of shares acquired as of the date for the publication of annual report:

April 18, 2023

	Job Title	Name	Quantities of Restricted Stock Awards Obtained	Percentage for Quantities of Restricted Stock Awards Obtained over Total Outstanding Shares	Rights Restriction Already Lifted				Rights Restriction Not Lifted			
					Number of Shares for Restriction n Lifted	Offering Price	Offering Amount	Percentage for Restriction Lifted Quantity over Total Outstanding Shares	Number of Shares with Restriction not Lifted	Offering Price	Offering Amount	Percentage for Number of Shares with Restriction not Lifted over Total Outstanding Shares
Employee	Director, CEO and G.M.	Chung, Chien-Jen	163,000	0.23%	48,900	Free distribution	-	0.07%	114,100	Free distribution	-	0.16%
	Chief Financial Officer & Head of Accounting	Tu, Jennifer										
	Offshore Company Chief Operating Officer	Mark Ian Goodwin										
	Vice President of Sale	Qiu Qiao Wei										
	Corporate Governance Officer	Zeng You Ling										
	Director	Wang Zhuo	114,000	0.16%	25,800	Free distribution	-	0.04%	88,200	Free distribution	-	0.12%
	Director	Song Han Lin										
	Director	Fang Zhong										
	Vice Director	Cai Hui An										
	Vice Director	Xu Huan Bao										
	Vice Director	Ni Wei Bin										

7、Issuance of New Shares in Connection with the Merger or Acquisition: None.

8、Financing Plans and Implementation: None.

## V、Operational Highlights

### 1、Business Activities

#### 1.1. Business scope

##### (1) Core business activities

The Company and its subsidiaries, collectively referred to as the “Group”, mainly engages in the research and development, production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg

##### (2) Revenue by products in 2021and 2022

Category	2021		2022	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue
Copper Clad Laminates	4,250,582	55.43	2,682,677	47.80
Insulated Metal Substrate	1,514,777	19.76	1,358,395	24.20
Prepregs	1,382,510	18.03	1,033,120	18.40
Others	519,350	6.78	538,633	9.60
Total	7,667,219	100.00	5,612,825	100.00

Unit:NT\$ thousands; %

##### (3) The company's current commodity project

- A. Copper clad laminate for double sided PCB
- B. Copper clad laminate and prepreg for Multi-layer PCB.
- C. Insulated Metal Substrate.

##### (4) New products planned to be developed

The Company constantly develops low-loss materials in anticipation of the big data and smart city era. The Company is also firmly committed to the development of eco-friendly materials with excellent thermal dissipation characteristics to meet the rising power demands of energy-saving lighting. New materials are developed to meet the functional requirements of IC packaging which is characterized by high density and integration. The Company also develops Copper Clad Laminates (coated aluminum sheet) as a substitute for traditional circuits to meet the market demand for low-cost substrate.

- A. Low loss and high reliability PCB material for Server and Tele-communication application.
- B. Hydrocarbon and ceramic filled material for Radio Frequency application.
- C.PTFE material for Radio Frequency application.
- D.Very Low CTE material for IC packaging application.
- E. Halogen free and very high thermal conductivity (10.0W/mK) IMS for ultra-light LED

F.Aluminum clad laminate (to replace heavy copper clad laminate)

G.Ultra-low Dk material (Dk 2.8)

## 1.2. Industry Overview

### (1) Current Status And Development of the Industry

#### A. Global Economic Development

According to the Global Economic Growth Rate forecast released by the International Monetary Fund (hereinafter referred to as IMF) in April 2023, The global economy looks set to recover from the heavy blows of COVID-19 and Russia's unprovoked war in Ukraine. China's economy is rebounding strongly after its reopening. Supply chain disruptions are easing, and war-induced energy and food market disruptions are receding. At the same time, most central banks should begin to tighten monetary policy aggressively in tandem, with inflation gradually returning to target. According to the latest forecasts, global growth will slow from 3.4% in 2022 to 2.8 % in 2023 before recovering to 3.0 % in 2024.

#### B. End-use Electronic Products

##### (A) Global Consumer Electronics Industry

According to the TPCA research of the Taiwan Circuit Board Association, the output value of the global circuit board industry in 2022 will reach 88.2 billion US dollars, setting a high growth rate of 3.2%, compared with 22.5% in 2021, the magnitude of the decline in kinetic energy is usually significant.

Looking forward to 2023, although global inflation has peaked, the impact of high inflation on low consumer confidence, declining terminal demand and shrinking manufacturing activities will continue for a period of time, and the global economic outlook is still not optimistic. With the depletion of inventory, if the global economic and political and economic situation does not deteriorate further, there is a chance to gradually break away from the bottom in the second half of the year, and terminal products will also resume positive growth. Of course, it still depends on the development of the general environment, and uncertain factors still exist. According to the current forecast for various terminal products in 2023, consumer products such as desktop notebook computers, tablets, smart phones, and TVs are still declining, but compared with the previous year, the decline has narrowed; while servo Devices and automobiles will continue their momentum and continue to maintain a growth trend. Overall, the fluctuation of global end products has slowed down, and generally presents a slight decline.

## (B) Global Automobile Electronics Industry

In the global electric vehicle market, under the international environmental protection wave of carbon neutrality, global warming, carbon emission targets, and favorable policies and the development of smart, networked and electric vehicles, the global automotive electronic hardware are the major driving forces. software market is estimated at US \$750 billion in 2025 and the shipment of electric vehicles will continue to increase. The proportion of automotive electronics in the production cost of each vehicle is expected to grow to 50 % in future. Even in the automotive application market, the global automotive market continues to decline due to the backlog of undelivered orders in 2022 , the impact of inflation and interest rate hikes, the recovery of global auto market sales has not met expectations. However, due to the trend of automotive electronics, the increase in automotive electronic products and the increase in the number of automotive boards are still major favorable factors for the future output value of global circuit boards.

## (C) LED Related Industries

According to the latest analysis by TrendForce, due to economic factors, the scale of the global LED lighting market will drop in 2022. With the continuous advancement of energy-saving renovation projects in Europe, America and Japan, LED will enter the peak period of replacement, and users' effective demand for high-quality lighting, human health lighting and intelligent lighting will also enter a stage of rapid development, and the Chinese market will be fully liberalized. Global LED lighting market demand is expected to recover. With the rising prices of lighting products, lighting products are increasingly becoming integrated lamps and intelligent systematization. From the perspective of the application market of LED lighting products, lighting products are equipped with various sensors and communication modules, and the penetration rate of smart lighting (connected lighting) has increased. In order to achieve the goal of "carbon neutrality" in the world, the demand for LED energy-saving renovation projects has increased, and the future commercial, home, outdoor and industrial lighting application markets will usher in new growth opportunities. It is estimated that the global LED lighting market will grow by 4% in 2023. According to TrendForce research, the global penetration rate of LED headlights reached more than 85%, and the penetration rate of new energy vehicles will be as high as more than 90%. With the dual growth momentum of the increase in car



market shipments and the increase in the penetration rate of LED lighting, it is estimated that the output value of the global automotive LED market will continue to grow in future. It shows that LED headlights and automotive display LED products are still the main driving force for the growth of the automotive LED market.

## (2) Connections among the industry upstream, midstream and downstream

Upstream	Midstream	Downstream
Glass Fabric	Copper clad laminate	Type of Electronic Products
Epoxy resin		Mobile phone
PN resin	Rigid PCB, flex PCB, IC substrate PCB	Computer
copper foil		Home Appliance
PI resin	PCB assembly processing and related manufacturing	Car
Production process and testing equipment		Communication
		Aerospace
		Medical treatment
		Entertainment
		Traffic
		Food

### A. Upstream

Upstream products can be divided into the following categories:

Reinforcing materials including insulating paper, glass fiber mat, glass fiber yarn, and glass fabric supplied by Nanya and Taiwan Glass, the two largest glass fabric manufacturers in the world. Conductive materials including oxygen-free copper balls, electrodeposited copper foil, and rolled copper foil mainly supplied by Japanese and US manufacturers due to the location of copper deposits and technological requirements in the fields of electrodeposition, rolling, and surface treatment. Taiwanese suppliers include Nanya and Chang Chun, which are ranked among the five largest copper foil manufacturers worldwide. Binding materials including phenolic resin, epoxy resin, and polytetrafluoroethylene resin are mainly imported. Due to high requirements in the field of heat resistance, wear resistance, and insulation, US, Japanese, and Korean chemical manufacturers have a combined market share of 90%.

## B. Midstream

Midstream products such as Copper Clad Laminate are key base materials for the manufacture of printed circuit boards. The manufacturing process is composed of adhesive mixing and compounding by utilizing solvents, curing agents, accelerating agents, and resin followed by the creation of film through maceration of reinforcing materials such as glass fabric. After inspection procedures, the film is cut and overlaid before copper foil is added. Finally, CCL is created through heat pressing, trimming, testing, and cutting. Based on base material properties, CCL can be divided into the following four categories: paper-based substrate, composite substrate glass/epoxy substrate, and flexible substrate.

PCB can be divided into the following three categories: Rigid PCB, Flexible PCB, and IC Substrate. Rigid PCBs are used for TVs, digital video recorders, telephones, fax machines, computers, and notebook computers. Flexible PCB application include smartphones, digital cameras, notebook computers, LCD panels, and touch panels. IC substrate is utilized for logic chips, chipsets, graphics chips, DRAM and flash memory.

## C. Downstream

Various electronics products including IT, communication, and consumer products such as TVs, digital video recorders, computer peripherals, fax machines, notebook computers, tablet computers, smart handheld devices, communication and network equipment, and smart wearable devices which are currently the hottest products on the market represent the main downstream applications of PCB.

The importance of flexible substrate is constantly increasing because it is more and more frequently adopted for hi-tech products. Due to rising environmental awareness, relevant laws and regulations and restrictions on hazardous substances in electronics products have been formulated. In recent years, manufacturers in different countries have therefore been firmly committed to the development of halogen-free and lead-free eco-friendly substrates. In line with the pursuit of lightness and thinness in the field of electronics products, the demand for High Density Interconnect (HDI) is rapidly increasing. HDI is currently mainly utilized for smart handheld devices including smartphones and tablets. Other applications include high layer count and COB substrates for notebook computers, high-end computers, network communications, and peripherals.

### (3) Various product development trends

CCL is a base material for PCBs. Its price is closely related to upstream materials such as electrodeposited copper foil, glass fabric, and epoxy resin. Despite a stable recovery of copper prices in recent years, the CCL market is gradually moving back from a buyer's

market to a seller's market, which forces CCL manufacturers to raise their prices to reflect rising costs. In line with current trends such as shrinking size, rising power requirements, multifunctionality, and eco-friendliness in the electronics product industry, R&D efforts focus on high-density, multi-layered, rigid-flex, and eco-friendly substrates to generate growth momentum.

#### A. High-frequency substrates

High frequency is defined as frequencies of 1GHz or above. Products below 10GHz still employ glass fiber reinforced epoxy laminate FR-4 substrates due to cost considerations. However, products that exceed 10GHz, have higher requirements in the field of low-k. Due to its superior electric, hydro, and frequency properties, PTFE is the ideal material for substrates. It is utilized to develop high-frequency, highly reliable, and low-consumption PTFE substrates.

#### B. Heat resistance and conductivity

Due to the latest trends such as gradual miniaturization and gradually rising performance in the electronics product market, adequate heat dissipation functions are required to handle the thermal energy generated during high-performance operations. Silicon interposers can provide superior CTE (coefficient of thermal expansion) values, offering outstanding heat resistance and insulation properties. Glass-based substrates represent another enhancement option in line with cost considerations. In addition, ceramic substrates are also applied in heat generating products such as LED. They are characterized by superior CTE values and heat resistance capabilities compared to aluminum substrate.

#### C. Eco-friendly materials

Glass fiber reinforced epoxy laminate FR-4 substrates which were widely used in the past are characterized by low prices and processing convenience. However, their base materials and chemical agents contain lead and halogen. Lead is added to increase heat resistance in original processes. Lead-free welding materials which are capable of withstanding high-heat environments during assembly represent a significant improvement. Halogen provides flame resistance properties. Halogen-free materials are adopted as a substitute for the original flame resisting agents. In addition, phosphorous epoxy resin is used as a replacement for bromide epoxy resin.

#### (4) Competitive status

According to the TPCA research of the Taiwan Printed Circuit Board Association, the long-term observation of the PCB manufacturing revenue performance of Taiwanese businessmen on both sides of the Taiwan Strait shows that in recent years, the quarterly production and sales data have continuously broken the records of the same period in the past. The growth rate in 2022 is 2.9% compared with the same period in 2021. In particular, terminal sales will be poor in 2022, but the global circuit board output value can still maintain positive growth, mainly due to the fact that IC substrates drive the demand for

advanced processes in high-end computing chips and high-speed memory to remain at a high level. In the past few years, the production capacity planned in the past few years has been released one after another, which has made a substantial contribution to the output value. In addition, the continuous upgrading of terminal product specifications is the reason why the output value of PCB is still significantly better than the trend of terminal demand. Looking forward to 2023, even in the face of challenges such as interest rate hikes and inflation, the growth of high-performance computing, 5G, automotive electronics, and low-orbit satellites will still be strong. The output value of the PCB manufacturing industry is expected to continue to grow steadily.

As an industrial upstream material supplier, the company actively develops the Asian market. Focusing on the application of consumer or automobile products, a small amount of diversified products with special technology and quality requirements as the main sales axis, and overseas layout, set up sales bases and service centers in Europe and the United States. Establish a sales and end-use certification team (OEM team), and obtain long-term reliability certification of high-end technical level terminal products in various places. With the advantages of flexible production and delivery of products, and relatively high product reliability in the industry, we have established good business relationships with customers.

### 1.3. Technology and R&D Overview

#### (1) Technological arrangement in business operations and R&D

Since its inception, the Company's R&D efforts have always focused on the pursuit of high quality, high reliability, high frequency, and eco-friendliness. In the following years, the company developed lead-free and halogen-free eco-friendly metal substrates characterized by high thermal conductivity (7.0W/mK) for high-power LED applications and ultra-low Dk (Dk 3.0) halogen-free materials for next-generation smartphones. The goal is to develop higher quality products that meet the demands of downstream PCB manufacturers.

#### (2) Technology and R&D employee Information in the Recent Four Years and as of the Date of the Publication of the Annual Report

Unit: persons

Education background	2020	2021	2022	2023/3/31
Ph.D.	0	0	0	0
Master	0	1	1	1
Bachelor	44	47	41	40
Below high school	42	48	41	42
Total	86	96	83	83

(3) Research and development in the Recent Five Years

Unit:NT\$ thousands

Item	2018	2019	2020	2021	2022
Research and development expenses	146,544	162,361	182,904	273,653	235,334
Net Revenue	5,413,656	5,453,285	4,830,183	7,667,219	5,612,825
Research and development expenses /Net Revenue Ratio(%)	2.71%	2.98%	3.79%	3.10%	4.19%

(4) Successfully developed technologies or products in the Recent Five Years:

Year	Major research and development results
2018	<ol style="list-style-type: none"> <li>1. Low CTE and halogen-free materials with high tensile strength</li> <li>2. Highly reliable and ultra-low loss materials for server and telecommunication applications</li> <li>3. Highly reliable and even lower loss materials for server and telecommunication applications</li> <li>4. High thermal conductivity CCl and high-flow prepreg for multilayered printed boards with high thermal dissipation properties</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. Developed ceramic filled PTFE composites with Dk3.0 for radar application.</li> <li>2. Developed halogen-free laminate and prepreg with very low loss for high reliability multilayer PCB application.</li> <li>3. Developed no flow Prepreg with low loss signal integrity.</li> <li>4. Developed IMS with low modulus, high reliability and high thermal conductivity.</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. Developed substrate.</li> <li>2. Developed high thermal conductive metal base laminate.</li> <li>3. Developed high thermal conductive metal base laminate with ultra-thin and ultra-low thermal resistance.</li> <li>4. Developed ceramic filled PTFE composites with DK6.15 &amp; 10.2.</li> <li>5. Developed hydrocarbon composites with Dk 10.2 .</li> <li>6. Developed halogen-free material with ultra low loss and high reliability for server and communication application.</li> </ol>
2021	<ol style="list-style-type: none"> <li>1. Expand the high-speed product series, such as high-speed products for antenna, server and package test application.</li> <li>2. Expand the PTFE product series, developed PTFE composites with DK2.94.</li> <li>3. Developed super white material with resistance to high heat and yellow degeneration for LED package application.</li> </ol>
2022	<ol style="list-style-type: none"> <li>1. Developed halogen-free Ultra low loss product for high speed digital application.</li> <li>2. Developed halogen-free ultra low loss substrate for package application.</li> <li>3. Developed bond film for high frequency mm-wave and multi-layer PCB application.</li> </ol>

#### 1.4. Long and short term operational development plans

##### (1) short term operational development plan

###### A. Design, research and development

(A)Improvement of product and customer structure to enhance profitability and reduce competitive pressures

(B) Active development of new markets and customers to spread risks

(C) Establishment of long-term partnerships with customers and suppliers

###### B. Manufacturing and production

(A) Implementation of quality policies characterized by constant improvements

(B) Continued enhancement of the efficiency and productivity of employee teamwork

###### C. Finances

Capital needs are met through capital increase or bank loans in line with business expansion requirements under the condition that profitability remains unaffected.

##### (2) Long-term operational development plan

###### A. Marketing operations

(A) Forming of strategic alliances with key clients to stabilize revenue sources and Increase competitiveness

(B) Establishment of diversified marketing channels for new products to spread risks and increase profits

###### B. Manufacturing and production

Cooperation with international manufacturers to improve technology standards

###### C. Finances

(A)Optimal utilization of financing tools available on capital markets for the acquisition of cheaper funding and financial resources for business operations

(B)Utilization of financial management tools in pursuit of capital utilization efficiency and added value while upholding the principle of sound financial policies

#### 2、 Overview of the Market, Production and Sales Analysis

##### 2.1. Market Analysis

###### (1) Main products (services) marketing (provision) areas

Within the most recent two years, the Company's main marketing areas were China, America, and Europe. The sales ratios for these regions in 2020 and 2021 are shown in the table below:

Unit: NT\$ thousands;%

Year Area	2021		2022	
	Amount	Percentage(%)	Amount	Percentage(%)
Asia	6,259,361	81.63	4,168,126	74.26
Europe	988,836	12.90	1,039,172	18.51
America	419,022	5.47	405,527	7.23
Total	7,667,219	100.00	5,612,825	100.00

## (2) Market Share

According to the current statistical data, the market share of the global copper foil substrate ranks , Major manufacturers include Kingboard Chemical (14%), Sansei Technology (12%), Nanya Plastics (12%), Panasonic(8%), Elite Material Co., Ltd. (6%), ITEQ CORPORATION(6%), Isola (3%), Doosan(4%), and Taiwan Union Technology Corporation (4%). The company's market share is about 2%.Taiwan, South Korea, China and other manufacturers of main products in the copper foil substrate low-end market, low-cost market are the main sources of growth in mainland China manufacturers, and high-end market is still dominated by Europe, America, Japan and other enterprises, such as advanced automotive electronics with CCL, communications in the field of high speed, IC encapsulation with CCL, high-order FPC with the FCCL etc.

## (3) Future market demand and supply status and growth characteristics

According to statistics from Taiwan Printed Circuit Association (TPCA), global circuit board industry is mainly controlled by Taiwan, Chinese, Japanese, Korean and a few US and European manufacturers. This is a dramatic growth of about compared with the one for 2022. The main reason is that the electronics industry will continue to benefit from the vigorous development of terminal applications such as 5G, AIoT and HPC. In addition, the rise in raw materials will push up corporate revenue, and the expansion of investment in board factories will drive equipment business opportunities.

According to the latest report of the International Energy Agency (IEA), the global electric vehicle data in 2020 will grow from 10 million at the end of 2020 to 145 million in 2030, and other research institutions also estimate that by 2025, the global electric vehicle will grow to 145 million. The vehicle CAGR is 82%, and the penetration rate of electric vehicles will reach 20% by then, and it is more likely to reach 30% in 2030. The rapid development of the electric vehicle market will usher in rapid growth for the application of heat-dissipating aluminum substrates in electric vehicle-related control systems and on-board battery chargers.

## (4) Competitive niche

### A. Outstanding technological innovation capabilities

Since its inception in 2000, the Company has positioned itself as a professional manufacturer of FR-4 grade CCL with high unit prices and high complexity. It places ultimate emphasis on autonomous R&D technologies and has established a R&D Department as a dedicated unit in charge of process technology improvements and development of innovative new products. The Company has successfully applied for 18 Chinese patents and 2 US patents. Products that conform to market trends and satisfy customer needs are launched by relying on technology enhancements, a firm

grasp of market demand, and diverse product mixes. The goal is to create added value and widen the gap with competitors.

**B. Stable quality and conformity to international standards**

In addition to a firm commitment to the development of new products, the Company also insists on top quality. The QA Department, which is directly subordinate to the GM, is responsible for product quality inspections, testing, control, and assurance. Effective quality control helps decrease attrition rates and enhance competitiveness. The specifications of CCL produced by the Company conform to numerous international norms and standards. The Company also continues its efforts in the acquisition of mid-tier certifications. With a view to long-term development, the Company is also actively searching for opportunities to develop diversified products in cooperation with other companies and aims to venture into the manufacture of other electronic materials.

**C. Complete sales channels and considerate customer services**

In view of the fact that downstream PCB manufacturers successively set up plants in China, expansion into overseas markets is imperative. As a result of deployment over many years, the Company has complete sales platforms in place in America, the UK, and Germany and has thereby gained the ability to meet the delivery time requirements of its customers, save shipping costs, and provide considerate customer services and localized supply networks. In addition to a real-time grasp of market information as a reference for procurement and manufacturing decisions, the Company gets an opportunity to build close partnerships with its clients and thereby increase its market share and create a rising sales volume.

**D. Professional management team**

The Company was founded over a decade ago and its management team has accumulated extensive experience in this industry and possesses wide expertise and rich practical experience in different professional fields. By relying on a clear organizational structure and sharp observation of market trends, the management level effectively integrates resources of all departments and ensures step-by-step execution of R&D, manufacturing, and sales operations according to plan. Due to a tacit understanding and shared business philosophy, the management team represents the core corporate values of the Company. Its accumulated professional service and technological capabilities have turned the Company into an indispensable partner of up- and downstream businesses and created a competitive niche that makes the Company stand out from its competitors.



(5) Advantageous and disadvantageous factors and responsive measures for our development prospects

A. Advantageous factors

(A) Stable growth of downstream market demand

Taiwanese PCB manufacturers are deeply committed to the supply chains of major system providers. CCL and PCB manufacturers have a symbiotic relationship with links to up- and downstream industries and significant growth and development potential.

(B) Opportunities in emerging markets for eco-friendly base materials

In line with the rising global environmental awareness, eco-requirements have turned into a global trend and basic standard. Due to the added impact of RoHS environmental directives of the EU, manufacturers of consumer electronics gradually adopted halogen-free materials, which in turn has led to the replacement of traditional FR-4 substrates with lead- and halogen-free, eco-friendly CCL and substrates. The Company has been fully committed to the production of CCL over many years. It possesses mature technologies and outstanding R&D capabilities and has already developed and initiated mass production of high-end products such as halogen-free, eco-friendly substrates. Against the backdrop of global efforts in the field of environmental protection and energy conservation, lead-free processes and halogen-free, eco-friendly CCL and aluminum substrates represent a new trend with significant growth potential. The Company fully expects to benefit from this trend.

(C) Advantages of international division of labor and localized supply networks

The Company is expected to gain a significant competitive edge in the field of CCL business expansion by taking advantage of low labor and land costs in China and through the establishment of localized supply networks, effective control of delivery times, and real-time provision of after-sale services and technical support.

(D) mass production and supply capabilities

As a result of the rising number of PCB applications and the gradually expanding scale of mass production carried out by Taiwanese PCB manufacturers, the mass production and supply capabilities of upstream suppliers of key PCB components will turn into key criteria for their selection as cooperation partners by PCB manufacturers. The specifications and quality of the products manufactured by the Company conform to numerous international norms and standards. Attributes such as dimensional stability, thickness tolerance, peel strength, heat resistance, and permittivity exceed the required standards. Products have been successively

certified and adopted by large international manufacturers. This clearly indicates that the Company possesses stable production technologies and mass production capabilities, which is conducive to the forming or maintenance of partnerships with downstream manufacturers.

#### B. Disadvantageous factors

##### (A) Material price fluctuations affect profitability

Raw materials account for 70% of CCL manufacturing costs. Prices of copper foil and glass fabric which represent the main raw materials sometimes fluctuate due to changes in supply, which in turn affects procurement costs. Since it is difficult for PCB manufacturers to pass on costs to downstream clients, price increases by CCL manufacturers to reflect rising material costs are bound to meet resistance by PCB manufacturers in the short run, especially if demand for end products and applications falls short of expectations. Rising material costs therefore squeeze the profits of the Company.

##### Countermeasures:

The Company closely monitors raw material market conditions, maintains close partnerships with upstream manufacturers, and procure materials from different sources to avoid reliance on a single supplier and thereby spread risks. On the other hand, the Company is also firmly committed to communication and coordination with each supplier and organizes supplier coordination meetings if deemed necessary. The central procurement system which is based on long-term cooperation is determined in accordance with the total demand of both groups. In addition, product prices are raised and raw material costs are passed on to downstream clients at opportune times in line with market conditions to maintain a certain level of profitability.

##### (B) Rising competitive pressure

CCL businesses are optimistic about the demand generated by rapid growth in the PCB sector and therefore successively expand their plants and production capacities. Domestic production capacities for substrates are rapidly increasing and competitive pressure is rising. The rise of emerging economies on the international stage, setting up of plants by global PCB manufacturers in China, and creation of production capacities by Taiwanese competitors in Eastern China coupled with low-price competition strategies have further contributed to a trend of shrinking profits, which causes bottlenecks for the CCL industry.

##### Countermeasures:

In addition to the continued development of high-end (e.g., High Tg, Low DK, Halogen-Free) substrates and other niche products with customized specifications and rapid entry into high-end markets by relying on actual mass production experiences, the Company also aims to increase performance and reduce costs through substrate process and production capacity adjustments. On

the other hand, marketing networks are set up and new customers are developed to increase profits and turn the Company into a leading manufacturer. At the same time, MLB production lines have been added to provide customers with more comprehensive services.

(C) Strict environmental standards

In the wake of the rising environmental awareness, the Chinese government and international organizations have gradually raised relevant thresholds in line with newly enacted environmental laws. The CCL production process requires the addition of various chemical agents and special materials. It therefore generates various categories of waste gas, waste liquid, and solid waste which contain different types of organic pollutants and large amounts of heavy metal pollution. Constant investment of large amounts of capital, expansion of pollution control facilities, and personnel training are required to stay in sync with the latest trends and comply with relevant laws and regulations. Strategies for effective improvement of environments must be adopted to ensure a safe and worry-free working environment for employees and create pollution-free surroundings.

Countermeasures:

Pollution control facilities are purchased and updated, waste reduction plans are implemented, and new processes are developed to ensure conformity to environmental regulations and requirements. Purchased pollution control facilities are inspected by dedicated personnel on a daily basis and relevant units are responsible for their operation and maintenance. Commissioned waste removal and treatment businesses recognized by EPA dispose of general and hazardous industrial waste. Equal emphasis is placed on the pursuit of competitiveness and minimization of negative impacts of raw materials and products on the environment. The goal is to achieve comprehensive competitiveness and sustainability.

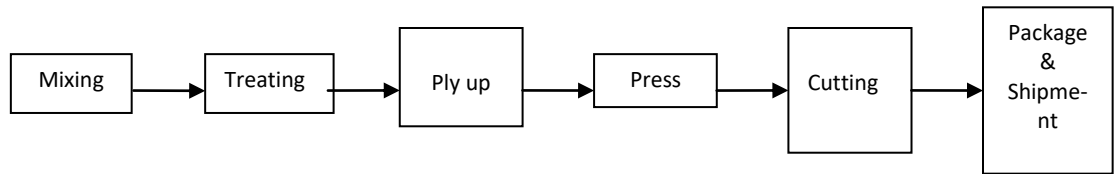
## 2.2. Major applications and production process for primary products

### (1) Key applications of the primary products

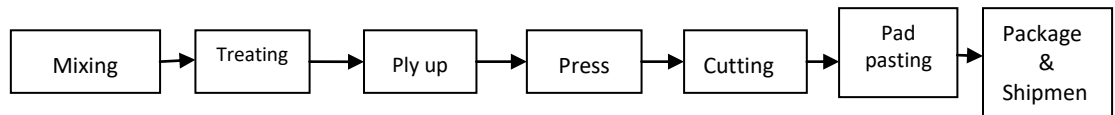
Main Products	Products (services) applications
Copper Clad Laminates	Utilized for Multi-Layer PCB in smartphones, communication devices, and computers; lead-free, highly heat resistant, halogen-free, eco-friendly materials for high-frequency communication; polyimide boards and materials with ultra-high heat resistance/low CTE properties for the military and aerospace industry; automotive electronics and lighting
Insulated Metal Substrate	LED street lamps, automotive lighting, high-thermal conductivity actuators for high-power LEDs
Prepregs	Utilized for Multi-Layer PCB in smartphones, communication devices, and computers; rigid-flex PCB for the military and aerospace industry

## (2) Applications and production process of major products

### A. Copper clad laminates



### B. Aluminum substrate



## 2.3. Sources of major raw materials

Major raw materials of the Company include, but not limited to, copper foils, glass fiber fabrics, and epoxy resins.

Raw materials	Suppliers	Supply situation
Glass fiber fabrics	TAI CHIA GALSS FIBER CO.,LTD.、 CHONGQING TENWAYS MATERIAL CORP.	Excellent condition
Copper foil	HEFEI TONGGUAN GUOXUAN COPPER PRODUCTS CO.,LTD、 CHANG CHUN CHEMICAL (JIANGSU) CO., LTD.	Excellent condition
Epoxy resins	CHANG CHUN CHEMICAL (JIANGSU) CO., LTD.、 ZHUHAI EPOXY BASE ELECTRONIC MATERIAL CO., LTD.	Excellent condition

## 2.4. Most recent two years' major products and gross profit information

### (1) Recent two years gross profit:

Unit: NT\$ thousands;%

Year	2021	2022
Net revenue	7,667,219	5,612,825
Gross profit	2,324,341	1,584,604
Gross profit rate	30.32%	28.23%
Gross rate of change	2.88%	(6.89) %

### (2) Explanation of gross profit rate changes in excess of 20%:None

## 2.5 Major supplies and sales customer information

(1) Customers who account for 10% (inclusive) or above of purchase in recent two years:

Unit: NT\$ thousands

2021					2022				First Quarter of Year 2023			
Rank	Name	Amount	Percent age of total purchase %	Relatio nship with Ventec	Name	Amount	Percent age of total purchase %	Relatio nship with Ventec	Name	Amount	Percent age of total purchase %	Relation ship with Ventec
1	CHANG CHUN CHEMICAL (JIANGSU) CO., LTD.	784,988	15.35	None	CHANG CHUN CHEMICAL (JIANGSU) CO., LTD.	445,154	15.36	None	CHANG CHUN CHEMICAL (JIANGSU) CO., LTD.	84,975	14.28	None
	Other	4,328,817	84.65	None	Other	2,453,177	84.64	None	Other	510,187	85.72	None
	Total	5,113,805	100.00		Total	2,898,331	100.00		Total	595,162	100.00	

Explanation of changes:

The Company maintains long-term partnerships with at least two suppliers for main raw materials utilized for products that generate stable revenues from key clients.: No significant changes of major suppliers therefore occurred within the most recent two years and the application year.

(2) Customers who account for 10% (inclusive) or above of revenues in recent two years

Unit: NT\$ thousands

2021					2022				First Quarter of Year 2023			
Rank	Name	Sales revenue	Percentage of total revenue (%)	Subsidiary or affiliates of the Company	Name	Sales revenue	Percentage of total revenue (%)	Subsidiary or affiliates of the Company	Name	Sales revenue	Percentage of total revenue (%)	Subsidiary or affiliates of the Company
1	A Group	1,074,732	14.02	None	A Group	709,732	12.64	None	A Group	115,835	9.89	None
2	B Group	566,844	7.39	None	B Group	690,797	12.31	None	B Group	155,258	13.26	None
	Others	6,025,643	78.59	None	Others	4,212,296	75.05	None	Others	899,945	76.85	None
	Net sales	7,667,219	100.00		Net sales	5,612,825	100.00		Net sales	1,171,038	100.00	

Company did not have customers who accounted for more than 10% of the sales in the last two years.

## 2.6. Volume and value of production in recent two years:

Unit: NT\$ thousands

Year Production Products	2021			2022		
	Capacity	Output quantity	Output value	Capacity	Output quantity	Output value
Copper Clad Laminates	9,420 sheets	6,437 sheets	4,216,750	9,420 sheets	3,818 sheets	2,578,315
Insulated Metal Substrate	785 sheets	580 sheets	1,635,135	785 sheets	449 sheets	1,399,652
Prepregs	15,500 meters	12,572 meters	1,459,085	15,500 meters	8,834 meters	1,152,771
Others	—	—	525,000	—	—	538,633
Total	—	—	7,835,970	—	—	5,669,371

## 2.7. Sales volume and revenue in recent two years:

Unit: NT\$ thousands

Year Sales Volume and Value Product type	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Copper Clad Laminates	5,568 sheets	3,326,793	921 sheets	923,789	3,245 sheets	1,915,409	728 sheets	767,268
Insulated Metal Substrate	337 sheets	964,426	200 sheets	550,351	271 sheets	880,636	165 sheets	477,759
Prepregs	10,034 meters	1,034,225	1,883 sheets	348,285	6,246 meters	686,321	1,671 meters	346,799
Others		338,504		180,846		167,511		371,122
Total		5,663,948		2,003,271		3,649,877		1,962,948

### 3.The most recent two years number of employees

		March,31, 2023		
Year		2021	2022	March,31, 2023
Number of employees	Manager	59	60	59
	Employees	809	766	771
	Total	868	826	830
Average age		38.95	40.67	40.80
Average years of service		5.13	5.48	5.49
Breakdown of educational level (%)	Ph.D.	-	-	-
	Master	1.61%	1.56%	1.55%
	Bachelor	35.09%	36.53%	36.11%
	High shool	37.39%	38.92%	38.97%
	Below high school	25.92%	22.99%	23.36%

### 4.Environmental Protection Measures and Expenses

4.1. In accordance with legal regulations, applications for permits for the installation if pollution control facilities or pollutant discharge permits shall be submitted, pollution control fees shall be paid, and dedicated environmental protection units with relevant personnel shall be established. Relevant details are as follows:

The Chinese subsidiaries of this Company (VT SZ, VT JY, and VT SZWT) have acquired wastewater discharge permits and water pollutant discharge permits. The Taiwanese subsidiary (VT TW) has obtained toxic chemical registry and stationary source operation and setup permits and has established dedicated environmental protection units with relevant personnel. Soil and groundwater pollution remediation fees, stationary source fees, and air pollution control fees are paid in a timely manner.

4.2. Investments in pollution control facilities and their purposes and potential benefits

Dec 31,2022; Unit: NT\$ thousands					
Equipment	Number	Acquisition date	Cost	Book Value	Purpose
Vacuum thermocompress or (incl. organic heat carrier furnace)	1	1998.06.01	20,331	-	Treatment of process wastegas to ensure that emissions meet relevant standards
30-feet vertical dipping machine (incl. Regenerative Thermal Oxidizer)	1	2002.02.01	82,800	-	Treatment of process wastegas to ensure that emissions meet relevant standards

Equipment	Number	Acquisition date	Cost	Book Value	Purpose
Regenerative ceramic furnace	1	2002.09.01	4,695		Wastegas generated in mixing and gluing areas is collected in a centralized manner and discharged upon treatment of VOCs through RTO (regenerative thermal oxidation) in conformity to relevant laws and regulations. Benefits: Extension of maintenance cycles, reduction of maintenance times, and enhanced energy conservation effects of RTO furnace
Burner	2	2008.01.01	13,707	1,303	Stable source of heated water with constant temperatures and heat insulation
Hot water boiler (Hot water circulation system)	1	2008.01.01	6,291	565	Heated kerosene provides a stable source of heat energy for on-site lamination
Burner	1	2009.01.01	5,548	111	Treatment of process wastegas to ensure that emissions meet relevant standards
RTO Environmental Processor (Burner)	1	2016.02.01	10,155	5,924	Heated kerosene provides a stable source of heat energy for on-site lamination
Boiler	1	2017.04.01	1,569	757	Treatment of process wastegas to ensure that emissions meet relevant standards
Heat transfer system – heated kerosene (boiler)	1	2018.01.25	21,173	12,967	Treatment of process wastegas to ensure that emissions meet relevant standards
Direct-fired TO furnace	1	2020.07.21	11,040	8,804	Treatment process exhaust gas emission standards, reduce VOC emission concentration n
Continuous monitoring system for volatile organic compounds in concentrated smoke	1	2021.12.31	651	573	Monitor the real-time standard of glue discharge

4.3.Process the Company takes to reduce pollution, and to deal with the pollution related dispute in latest two years till the publishing of the annual report: None

4.4. Loss or penalty due to pollution in latest two years till the publishing of the annual report: None



- 4.5. Effects on the profit, competitiveness, and capital expenditure plan of the Company from the current environment pollution and expected substantial capital expenditure for environmental protection over next two years: None

## 5. Employee welfare

5.1 The Company's employee welfare measures, continuing education, training, retirement system and implementation thereof, along with agreements between employees and the employer, and the status of various employees' rights and interests

### (1) Employee welfare procedures

Employee welfare measures adopted by this Company and its subsidiaries include wedding and funeral allowances, staff trips, bonuses, stock options, labor and health insurance, group insurance, and annual health checks as well as diverse opportunities for advanced training and workshops to broaden their horizons and increase their work efficiency.

In addition to providing competitive salary, the company will pay performance bonus, year-end bonus and employee sharing system according to personal performance, and establish a system for employees to participate in the company's operation if the company achieves the business target set by the company.

### (2) Employee training programs

The Company and its subsidiaries place high emphasis on talent cultivation and view talent as a key asset. The goal of the Company's training programs is to give employees a full understanding of their duties and required professional expertise and enable them to constantly absorb new knowledge, improve their skills, enhance their work performance and quality, and thereby increase production capacities. These programs also aim to strengthen the ability to prevent occupational accidents and constantly enhance corporate competitiveness.

### (3) Pension and retirement plan

The Company's subsidiary VT TW, which is located in Taiwan (R.O.C.), has adopted a clearly defined contribution system in accordance with the new pension system as set forth in the Labor Pension Act. 6% of the monthly salary are appropriated for the labor pension reserve fund and deposited in an individual labor pension account. Employees may claim pension payments after they meet retirement criteria in accordance with relevant laws.

The subsidiaries VT SZ, VT JY, and VT SZWT, which are located in China, pay social insurance premiums (encompassing healthcare, childbirth, pensions, work injuries, and unemployment) and pension fund contributions pursuant to the regulations set forth in the Social Insurance Law of the People's Republic of China.

Subsidiaries outside the territory of the R.O.C. And Mainland China handle relevant matters in compliance with local labor laws.

(4) The agreement between labor and management

The labor-management policies of the Company and its subsidiaries aim to uphold the principle of honest communication and create win-win outcomes for the Company and its employees through the following actions:

- A. Compliance with the Labor Standards Act and other relevant laws to offer maximum protection for employees
- B. A large variety of open communication channels to allow full expression of opinions and provision of feedback
- C. In case of major conditions and key measures the Company and its subsidiaries fully educate and notify their employees in advance to give them a clear understanding and obtain their full support and cooperation.

5.2 List the losses suffered by labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the current and future estimated amount and corresponding measures. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated: None

6. Information Security Management

6.1 State the information security risk management structure, the information security policy, the specific management plan, and the resources invested in the information security management, etc.

(1) Information and communication safety and insurance management rack

The Company formulated proper and appropriate information security documentation and control measures to cover related management links. The Information Department is responsible for information security and risk management. It designs an information management system and provides instant decision support system and management information in accordance with the company's business policy and mode of operation. It covers policy, organization, personnel, network security, operation management, access control, information system development and maintenance, information security incident, etc.

(2) Information Security Policy

The company's information security risk management framework are three levels of personnel, internal and external.

- Personnel: Information security policy, training, licensing control.
- Internal: Network control, antivirus, data protection.
- external: Firewall、Intrusion Prevention System.

The company is responsible for the prevention, deal with and post-review of information security incidents.

- Prevention: Enhance awareness and prevention of information security incidents, build a more secure network environment and strengthen data access security and integrity.
- Deal With: Real-time processing, control and blocking, data preservation, backup and Recovery.
- Review : Evidence preservation, investigation, review and improvement

### (3) Countermeasures

- The Information Department conducts annual internal audit to verify the effectiveness of the system, and the audit unit regularly reports the results to the board of Directors.
- Information security promotion to enhance the concept of protection periodically.
- The account, password and authority held by the employee should be kept, used and replaced regularly.
- The network establishes multi-level defense such as firewalls, anti-virus software and other control mechanisms.
- Important services and data are all backed up and backed up off-site to ensure uninterrupted services and no loss of data.
- Design appropriate information security response and notification procedures.

6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: No such matters.

### 7.Important contracts and agreements

Nature of the Agreement	Parties	Date of onset of the Contract	Main contents	Terms And Conditions Restrictions
Loan Approval Notice	China Trust Commercial Bank	2022.07.01-2023.06.30	Short-Term USD5,000,000	-
Loan Approval Notice	China Trust Commercial Bank	2022.07.01-2023.06.30	Short-Term NTD 60,000,000	-
Loan Approval Notice	Citibank Bank Taiwan	2022.05.15-2023.05.15	Short-term USD7,000,000	-
working capital loan contract	Suzhou New District Branch of China Construction Bank	2022.11.16-2023.12.15	Current Loan RMB 250,000,000	-
Loan Approval Notice	Taiwan Cooperative Bank Suzhou Branch	2022.07.13-2023.06.27	Medium And Long-Term Borrowing NTD 180 million Short-Term USD15 million	-
Credit Line Agreement	Taishin International Bank	2022.11.30-2023.11.30	Credit Line NTD 60,000,000 Short-Term NTD 100,000,000	-
Credit Line Agreement	Taishin International Bank	2022.11.30-2023.11.30	Short-Term (OA/LC) USD4,000,000	-
Credit Line Notice	YUANTA COMMERCIAL BANK CO., LTD.	2023.03.16-2024.03.20	Short-Term NTD 60,000,000	-

## VI. FINANCIAL INFORMATION

### 1. Condensed financial information for the most recent 5 years

#### Condensed balance sheet and statements of comprehensive income – IFRS

##### 1.1 Condensed consolidated balance sheet

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years					
Item		2018	2019	2020	2021	2022	31 Mar 2023
Current assets		2,959,513	2,963,159	2,945,442	4,726,134	3,253,831	3,185,405
Property, plant and equipment		1,040,106	955,535	1,024,757	1,058,150	999,796	978,531
Right-of-use assets		-	148,829	207,407	212,186	177,613	171,474
Intangible assets		72,410	68,754	64,761	75,131	79,708	78,574
Other assets		188,713	81,949	217,885	121,049	496,534	502,181
Total assets		4,260,742	4,218,226	4,460,252	6,192,650	5,007,482	4,916,165
Current liabilities	Before distribution	2,218,501	1,495,079	1,616,963	2,696,953	1,533,368	1,609,636
	After distribution	1,982,012	1,141,807	1,388,309	2,225,354	Note	-
Non-current liabilities		283,633	365,788	389,704	445,122	380,554	378,809
Total liabilities	Before distribution	2,502,134	1,860,867	2,006,667	3,142,075	1,913,922	1,988,445
	After distribution	2,265,645	1,507,595	1,778,013	2,670,476	Note	-
Equity attributable to owners of the Company		1,758,608	2,357,359	2,453,585	3,050,575	3,093,560	2,927,720
Common stock		646,143	706,543	714,543	714,543	714,543	714,347
Capital surplus		450,263	835,071	886,111	886,111	886,111	884,861
Retained earnings	Before distribution	772,149	1,011,451	1,030,057	1,626,549	1,622,004	1,440,935
	After distribution	535,660	658,179	801,403	1,154,950	Note	-
Other equity		(109,947)	(195,706)	(177,126)	(176,628)	(129,098)	(112,423)
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	1,758,608	2,357,359	2,453,585	3,050,575	3,093,560	2,927,720
	After distribution	1,522,119	2,004,087	2,224,931	2,578,976	Note	-

Note: The earnings distribution in the first half of 2022 was not distributed after the resolution of the board of directors. The earnings distribution in the second half of 2022 was resolved by the annual board of directors as a cash dividend of NT\$3.60 per share. The remaining earnings distribution items in 2022 have yet to be finalized after the resolution of the shareholders' meeting.

## 1.2. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Financial Summary for The Last Five Years					
	2018	2019	2020	2021	2022	For the current year as through to 31 Mar2023
Operating revenues	5,413,656	5,453,285	4,830,183	7,667,219	5,612,825	1,171,038
Gross profit	1,345,951	1,534,204	1,423,323	2,324,341	1,584,604	356,598
Net other income (expenses)	–	–	–	–	–	–
Operating income (losses)	487,440	621,839	532,006	1,076,466	529,085	101,008
Non-operating income (expenses)	12,689	(18,616)	(61,066)	(28,164)	38,104	3,157
Income before tax	500,129	603,223	470,940	1,048,302	567,189	104,165
Income from continuing operations	405,264	471,742	373,253	827,812	466,427	76,096
Loss from discontinued operations	–	–	–	–	–	–
Net income	405,264	471,742	373,253	827,812	466,427	76,096
Other comprehensive income, net	(115,901)	(81,710)	70,641	(22,828)	29,899	13,359
Total comprehensive income	289,363	390,032	443,894	804,984	496,326	89,455
Net profit (loss) attributable to owners of the Company	405,264	471,742	373,253	827,812	466,427	76,096
Net profit (loss) attributable to on-controlling interests	–	–	–	–	–	–
Total comprehensive income (loss) attributable to owners of the Company	289,363	390,032	443,894	804,984	496,326	89,455
Total comprehensive income (loss) attributable to Non-controlling interests	–	–	–	–	–	–
Earnings per share (NT\$/share)	6.75	6.85	5.28	11.72	6.60	1.07

## 1.3. Names and opinions of independent auditors in recent five years

Year	CPA	Name of CPA	Auditing opinion
2018	Deloitte & Touche	Chen,Chun-Hung 、 Chien,Ming-Yen	Unqualified opinion
2019	Deloitte & Touche	Chen,Chun-Hung 、 Chien,Ming-Yen	Unqualified opinion
2020	Deloitte & Touche	Chen,Chun-Hung 、 Chien,Ming-Yen	Unqualified opinion
2021	Deloitte & Touche	Liu,Yi-Ching 、 Chen,Chun-Hung	Unqualified opinion
2022	Deloitte & Touche	Liu,Yi-Ching 、 Chen,Chun-Hung	Unqualified opinion

## 2、Financial Analysis of the Past Five Years

### 2.1. Financial Analysis of the Past Five Years (consolidated)

Year		Financial Analysis for the Past Five Years					
Item		2018	2019	2020	2021	2022	thecurrent year as through to 31 Mar2023
Financial Structure (%)	Ratio of liabilities to assets (%)	58.73	44.11	44.99	50.74	38.22	40.45
	Ratio of long-term capital to property, plantand equipment(%)	196.35	284.99	277.46	330.36	347.48	337.91
Liquidity analysis (%)	Current ratio (%)	133.40	198.19	182.16	175.24	212.20	197.90
	Quick ratio (%)	97.78	146.74	127.59	119.44	147.54	139.38
	Interest coverage ratio (times)	6.62	28.03	51.77	85.73	36.73	37.18
Operating ability	Receivables turnover (times)	3.37	3.22	3.04	3.87	2.84	3.25
	Average collection period (days)	109	113	120	94	128	112
	Inventory turnover (times)	5.21	5.04	4.15	4.55	3.26	3.33
	Payables turnover (times)	5.08	4.30	3.83	4.89	4.10	5.25
	Averages sales days (days)	70	72	88	80	112	110
	Property, plant and equipment turnover (times)	4.93	5.47	4.88	7.36	5.45	4.74
	Total assets turnover (times)	1.26	1.29	1.11	1.44	1.00	0.94
Profitability analysis	Return on total assets (%)	11.22	11.54	8.77	15.73	8.61	6.37

Item	Year	Financial Analysis for the Past Five Years					
		2018	2019	2020	2021	2022	thecurrent year as through to 31 Mar2023
	Return on shareholders' equity (%)	27.90	22.92	15.52	30.08	15.18	10.11
	Ratio of pre-tax income to paid-in capital (%)	77.40	85.38	65.91	146.71	79.38	58.33
	Ratio of net income to sales (%)	7.49	8.65	7.73	10.80	8.31	6.50
	Earnings per share (NT\$/share) (Note3)	6.75	6.85	5.28	11.72	6.60	1.07
Cash flow	Cash flow ratio (%)	27.95	44.84	53.87	4.49	95.57	8.12
	Cash flow adequacy ratio (%)	139.89	95.77	114.85	69.34	99.43	50.04
	Cash reinvestment ratio (%)	15.70	10.11	12.71	(2.25)	21.91	2.54
Leverage	Operating leverage	1.29	1.08	1.32	1.18	1.41	1.47
	Financial leverage	1.22	1.04	1.02	1.01	1.03	1.03

Explanation of changing financial ratios within the previous two years (If increase/decrease/change amounts to 20%) :

- 1.The decrease of Interest coverage ratio、Return on total assets、Return on shareholders' equity 、Ratio of pre-tax income to paid-in capital、Ratio of net income to sales and Earnings per share compared to the previous year was mainly caused by decrease in Profit and loss before tax and after tax.
2. The increase of receivables turnoverand total assets turnover compared to the previous year was mainly caused by the decrease in sales
3. The increase of payables turnover and Inventory turnover compared to the previous year was mainly caused by the decrease in sales and cost of goods sold.
- 4.The increase of cash Flow Ratio、cash flow adequacy ratio and cash reinvestment ratio decreased mainly increased receivables.

Description of formulas used in financial analysis:

#### A. Financial structure

(1) Liabilities to assets ratio = Total liabilities / Total assets

(2)Long-term capital to property, plant and equipment ratio = (Total shareholders' equity + Long-term liabilities) / Net value of property, plant and equipment

#### B. Liquidity analysis

(1) Current ratio = Current assets / Current liabilities

- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

#### C. Operating ability

- (1) Receivables turnover (including accounts and notes receivable)  
= Net sales / Average receivables (including accounts and notes receivable)
- (2) Average collection days = 365 / Receivables turnover
- (3) Inventory turnover = Costs of goods sold / Average inventory
- (4) Average sales days = 365 / Inventory turnover
- (5) Payables turnover (including accounts and notes payable)  
= Costs of goods sold / Average payables (including accounts and notes payable)
- (6) Property, plant and equipment turnover ratio  
= Net sales / Net value of property, plant and equipment
- (7) Total assets turnover ratio = Net sales / Total assets

#### D. Profitability analysis

- (1) Return on assets = [Net income + Interest expenses × (1 - Tax rate)] / Average total assets
- (2) Return on shareholders' equity = Net income / Average shareholders' equity
- (3) Net income to sales ratio = Net income / Net sales
- (4) Earnings per share = (Net income attributable to owner of the Company - Preferred stock dividend) / Weighted average number of outstanding shares

#### E. Cash flow

- (1) Cash flow ratio = Cash flows from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term Investment + Other noncurrent assets + Working capital)

#### F. Leverage

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

- 3、Audit Committee's Report for the Most Recent Year: See Appendix 1.
- 4、Consolidated Financial Report for the most recent year as audited by the CPAs See Appendix 2.
- 5、Entity Financial Statement of the Latest Year Inspected and Authenticated by CPAs : None.
- 6、Impact of the Latest Financial Difficulties Encountered by the Company and its Associated Enterprises on the Company's Financial Standing as of the Date of Printing of the Annual Report : None.



## VII. REVIEW AND ANALYSIS OF THE FINANCIAL CONDITION, PERFORMANCE AND RISK MANAGEMENT

### 1. Financial Standing

Unit: NT\$ thousands

Item	Year	2021	2022	Difference	
				amount	%
Current asset		4,726,134	3,253,831	(1,472,303)	(31.15)
Property, plant and equipment		1,058,150	999,796	(58,354)	(5.51)
Right-of-use assets		212,186	177,613	(34,573)	(16.29)
Intangible assets		75,131	79,708	4,577	6.09
Other assets		121,049	496,534	375,485	310.19
Total assets		6,192,650	5,007,482	(1,185,168)	(19.14)
Current liabilities		2,696,953	1,533,368	(1,163,585)	(43.14)
Non-current liabilities		445,122	380,554	(64,568)	(14.51)
Total liabilities		3,142,075	1,913,922	(1,228,153)	(39.09)
Common stock		714,543	714,543	-	-
Capital surplus		886,111	886,111	-	-
Retained earnings		1,626,549	1,622,004	(4,545)	(0.28)
Other equities		(176,628)	(129,098)	47,530	(26.91)
Total equities		3,050,575	3,093,560	42,985	1.41

Explanations for changes in the most recent two years in assets, liabilities, and equity affecting 20% thereof or more, or greater than NT\$10,000 thousand dollars:

1. The decrease in current assets and total assets was mainly due to the decrease in accounts receivable and inventories.
2. The increase in other assets was mainly due the increase in Financial assets at amortized cost - non-current.
3. The decrease in current liabilities and total liabilities was mainly due to pay fo rshort-term borrowings.
4. The increase in other equity was mainly due to the decrease in Exchange loss on translating the financial statements of foreign operations.

## 2. Financial performance

### 2.1 Financial performance analytical comparison

Unit: NT\$ thousands

Item \ Year	2021	2022	Amount	(%)
Operating revenues	7,667,219	5,612,825	(2,054,394)	(26.79)
Cost of goods sold	5,342,878	4,028,221	(1,314,657)	(24.61)
Gross profit	2,324,341	1,584,604	(739,737)	(31.83)
Operating expenses	1,247,875	1,055,519	(192,356)	(15.41)
Operating profit (losses)	1,076,466	529,085	(547,381)	(50.85)
Non-operating gain (expenses)	(28,164)	38,104	66,268	(235.29)
Profit(loss) before Tax	1,048,302	567,189	(481,113)	(45.89)
Income tax expense	220,490	100,762	(119,728)	(54.30)
Net income (losses)	827,812	466,427	(361,385)	(43.66)
Other comprehensive income – net	(22,828)	29,899	52,727	(230.98)
Total comprehensive income	804,984	496,326	(308,658)	(38.34)
Net income attributable to the owner of the Company	827,812	466,427	(361,385)	(43.66)
Net income attributable to non-controlling interests	–	–	–	–
Total comprehensive income attributable to the owner of the company	804,984	496,326	(308,658)	(38.34)
Total comprehensive income attributable to non-controlling interests	–	–	–	–

For increased or decrease d rate changes affecting 20% there fo r more, o r greater than NT\$10,000 thousand dollars analys is there of is provided as follows:

1. The decrease in operating income, operating costs , operating expenses and gross profit, operating net profit and net profit before tax was mainly due the ongoing war between Russia and Ukraine, supply chain restructuring due to competition from major powers, and general inflation and other unfavorable factors in the environment, which will result in a decline in purchasing power, continued inventory absorption by upstream and downstream supply chain manufacturers, and impacts from other general economic uncertainties.
2. The decrease in non-operating expenses was mainly due to the influence of exchange rate, and the exchange loss in the current period decreased compared with the same period of last year.
3. The total comprehensive profit and loss and comprehensive profit and loss attributable to the owners of the parent company increased mainly due to changes in exchange rates resulting in the subsidiary's financial It is due to the exchange difference on the translation of thstatement.

## 2.2 Potential impacts of projected sales volume and foundation on future financial operations of the Company and relevant responsive plans:

Based on the overall economic outlook, it is expected that the CCL market will still exhibit moderate growth. Application of aluminum substrate in the automotive and lighting markets will continue to expand. The Company and its subsidiaries therefore expect steady growth of its sales volume in the future, which in turn will boost their consolidated revenue. In addition, the Company will continue its efforts in the field of existing products and product quality enhancement to intensify cooperation with customers and strengthen the competitive edge in the field of procurement. The goal lies in the manufacture of pioneering products with cost advantages, which is conducive to increased revenues and profits in the future. Adequate financial planning will be adopted to enable the Company to meet the needs of future business growth on the foundation of a sound financial structure.

## 3、Cash Flow

### 3.1 Liquidity analysis in recent two years

Unit: NT\$ thousands

Item \ Year	2021	2022	Increased (Decrease) Ratio (%)
Cash flows from operating activities	121,081	1,465,505	1,110.35
Cash flows from investing activities	(335,367)	(375,489)	11.96
Cash flows from financing activities	103,703	(944,985)	(1,011.24)
Analysis of changes:			
1.Net cash inflow from operating activities was mainly due to the repeated impact of the environment and the epidemic in China, the revenue scale decreased, and accounts receivable and inventory decreased compared with the previous period.			
2.The net cash inflow from financing activities was mainly due to repayments of short-term borrowings during the year.			

### 3.2 Remedy for Cash Deficit and Liquidity Analysis: None

### 3.3 Cash Flow Analysis for the Coming Year

Cash and cash equivalents beginning balance	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investing Activities	Estimated Net Cash Flow from Financing Activities	Estimated Cash and cash equivalents – ending balance	Estimated Remedy plans for negative balance of cash and cash equivalents	
					Investment plan	Financing plan
629,941	170,000	(120,000)	(260,000)	419,941	–	–
Analysis of changes in estimated cash flows						
1.Operating activities: mainly cash inflows due to operating profits, and net changes in receivables, inventories and accounts payable.						
2.Investment and financing activities: mainly used to purchase equipment, repay loans and pay dividends.						

- 4、Major capital expenditures in recent years and impacts on financial and operational situations: Gross profit of Insulated Metal Substrate is the focus of growth and maintains general materials. Under the operating strategy of keeping profits Raise the target
5. Main Reasons for Profits or Losses of the Latest Re-investment Policy, Improvement Plan and Investment Plan for the Coming Year

5.1. Investment policies

“Procedures in Controlling Investment Cycle of the Internal Control System”, “Procedures for Handling Related Party Transaction”, “Procedures for Monitoring the Operation of Subsidiaries”, and “Procedures for Acquisition and Disposition of Assets” are major standards for the Company to manage and monitor the performance of subsidiaries.

5.2. Reasons for profit/loss in recent years and plans for improvement

Unit: NT\$ thousands

Investee	Shareholding Percentage (%)	Investment Gains and losses recognized for the most recent year	Reasons for profit/loss	Improvement plans
VIG Samoa	100%	560,726	The Company shall recognize investment gains and losses.	Not applicable
VIG HK	100%	416,042	The Company shall recognize investment gains and losses.	Not applicable
VLL BVI	100%	(2,894)	The Company shall recognize investment gains and losses.	Not applicable
VT HK	100%	74,544	Operations are in good condition	Not applicable
VT TW	100%	48,614	Operations are in good condition	Not applicable
VT US	100%	(2,894)	Affected by the war and inflation, sales decreased	Not applicable
VT UK	100%	5,440	Operations are in good condition	Not applicable
VT DE	100%	143	Operations are in good condition	Not applicable
VT SZ	100%	443,645	Operations are in good condition	Not applicable
VT JY	100%	3,506	Operations are in good condition	Not applicable
VT SZWT	100%	8,137	Reduced orders and production, transferred to Suzhou Shenzhen branch	Not applicable

5.3. Investment Plan over the coming one year: None.

## 6. Analysis and Assessment of Risks

### 6.1 Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future responsive measures:

#### (1) Interest rate movements and Impact on the Company's profit and loss

The interest revenue of the Company and its subsidiaries is mainly generated by interest on current bank deposits. Interest expenses are generated by financial institution loans taken out by the Company and its subsidiaries to meet their working capital needs. Interest revenue and expenses are shown in the table below:

Unit: NT\$ thousands

Item	2021		2022	
	Amount	Of net sales Percentage (%)	Amount	Of net sales Percentage (%)
interest revenue	1,967	0.03	17,050	0.30
interest expense	12,373	0.16	15,872	0.28

In addition to the operating profits of the company and its subsidiaries to meet the working capital needs, bank financing is also the main source of funds, accounting for 0.28% and 0.16% of the operating revenue in each period, which is still low and has no significant impact on the company's finance.

Responsive measures:

In case of significant interest fluctuations and a continued demand for bank loans in the future, the Company will adopt other financing tools available on capital markets to meet its capital needs or select fixed interest or floating interest loans in line with observed interest rate developments to hedge interest rate risks. The Company also maintains close contact with banks to ensure acquisition of the most preferential loan rates. The Company and its subsidiaries also tightly control their foreign exchange transactions in line with foreign exchange fluctuations.

#### (2) Impact of exchange rate fluctuations on the Company's profits and losses and future responsive measures

Currency types of payments received by the Company include Renminbi, US Dollar, New Taiwan Dollar, British Pound, and Euro with the US Dollar as the main currency. The Company and its subsidiaries therefore utilize the US Dollar and the Renminbi as the functional currencies for their daily operations. In addition to adoption of natural write-off as a foreign exchange hedging principle with the goal of decreasing the demand for exchange, the Company also conducts forward exchange transactions in a timely manner to minimize the impact of exchange rate fluctuations. Foreign exchange gains/losses of the Company and its subsidiaries for 2020 and 2021 are shown in the table below:

Unit: NT\$ thousands

	2021	2022
Net foreign exchange loss	23,270	(25,191)
Foreign exchange gains/losses To net revenue	0.30	(0.45)

Foreign exchange gain (losses) of the Company and its subsidiaries in 2021 and 2022 amounted to 0.30 % and (0.45)% of their net revenue, respectively. Fluctuations of exchange gains/losses and relevant ratios were mainly due to the high proportion of received payments in US Dollars and procurements in Renminbi.

Responsive measures:

In order to minimize the potential impact of exchange rate risks and fluctuations on gains and losses, trend analysis and risk assessment is carried out through collection of market information. The Company is also in close contact with banks to maintain a firm grasp of exchange rate developments. Timely adjustments are made in accordance with actual conditions. The following measures are adopted to minimize the impact of exchange rate fluctuations on the Company's revenues and profits:

- A. When customers remit their payments to the Company's bank account(s), the Company adjusts its foreign exchange positions in an adequate manner in accordance with capital needs, and exchange rate developments.
- B. Utilization of real-time Forex information provided by banks the Company has business dealings with as a key reference for quotations and raw material procurement by sales and procurement personnel.
- C. Forward exchange transactions are conducted as deemed necessary based on foreign exchange positions and exchange rate fluctuations pursuant to the Procedures Governing Acquisition or Disposal of Assets to implement hedging for foreign exchange net positions upon natural hedging with the ultimate goal of minimizing exchange rate risks generated by the Company's business operations.

(3) Impact of inflation on the Company's profits or losses and future responsive measures

Against the backdrop of a rapidly changing global economic environment, inflation pressures or tightening have not had any major impacts on gains/losses of the Company as of the publication date of this report.

Responsive measures:

In the future, the Company will maintain close interactions and excellent relationships with its suppliers, while closely monitoring market price fluctuations. Procurement strategies and costs structures are adjusted in a timely manner to minimize the impact of inflation on the Company's gains/losses.

6.2 Policies on high risk, highly leveraged investments, loans to others, endorsements, guarantees, and derivatives trading, the main reasons for profits or losses generated thereby, and future responsive measures to be undertaken.:

- (1) Policies on high risk, highly leveraged investments: in principle, the Company's operations have been stable and conservative, and in the past year, to the date of publication of this annual report, the Company and its subsidiaries did not engage in any high-risk and highly leveraged investment transactions.
- (2) For the purpose of lending funds to others: The Company has established the

"Guidelines for Lending of Funds to Other Parties" and follow it.

(3) Endorsement/Guarantees: The Company has established the "Endorsement and Guarantee Management Procedures" and follow it.

(4) Derivative transaction policies, main reasons of profits or losses, and future responsive measures

The Company's derivative transactions represent forward market hedging for currency exchanges (USD to RMB). The Company aims to avoid risks associated with foreign exchange assets and liabilities caused by exchange rate fluctuations pursuant to the Procedures Governing Acquisition and Disposal of Assets and relevant regulations set forth in Investment Cycles – Derivative Control Operations based on the fact that the US Dollar and Renminbi are its main functional currencies.

### 6.3 Future R&D projects and anticipated R&D expenditures to be invested

Our company adheres to the concept of greening and environmental protection. The future research and development plan will continue to focus on the concept of environmental protection and energy conservation. The future R&D plan and estimated R&D expenses are as follows:

Future R&D plans	Projected R&D expenses
Research and development of bond film for high frequency mm-wave and multi-layer PCB application	RMB5,400 thousands
Research and development of ultra low loss material for high reliable multi-layer application	RMB14,000 thousands
Research and development of black halogen-free substrate with low CTE	RMB6,500 thousands
Research and development of ultra low loss substrate for SiP package application	RMB15,000 thousands
Research and development of hydrocarbon laminate with low cost for high frequency car radar application	RMB9,500 thousands
Research and development of High Dk hydrocarbon laminate for high frequency mm-wave application	RMB3,700 thousands
Research and development of no glass fiber PTFE composites with high thermal conductivity	RMB5,300 thousands
Research and development of extremely low loss material with high reliability for 112 Gbps communication application	RMB17,500 thousands
Research and development of no-flow prepreg with ultra low loss signal integrity.	RMB13,500 thousands
Research and development of resin coated copper material with low CTE performance.	RMB13,000 thousands

6.4 Changes to local and overseas policies and laws that impact the Company's financial operations and responsive measures

The Company has its domicile on the Cayman Islands (no actual business activities). Its main operating areas include China, Taiwan, Europe, and America. All its services and operations abide by laws, regulations, and relevant policies in effect at its domicile and main operating areas. The Company also closely monitors relevant legal changes and developments and adopts adequate measures in response to changes of the market environment in a prompt manner. As of the publication date of this report, its financial operations have not been significantly affected by major local/overseas policy or legal changes.

6.5 Impact of Changes in Technology (Including information security risks) and Industry on Corporate Finance and Business, and Responsive Measures

In the most recent year and as of the date of this annual report, there have been no changes in technology or the industry affecting the company's financial or business operations that have a significant impact thereon.

6.6 Changes to corporate image that impact the company's risk management and Responsive Measures.:

As of the date of this annual report, there has been no change to the Company's corporate image that has resulted in any corporate image crisis, and therefore this provision does not apply.

6.7 The expected benefits and possible risks to engaging in mergers and acquisitions (M&A) and responsive measures:

The Company does not have any plan to engage in mergers and acquisitions as of the printing date of this annual report. Therefore, this provision is not applicable.

6.8 The Expected Benefits and Possible Risks to Expand Facilities and responsive Measures:

The Company does not have any plan to expand Facilities as of the printing date of this annual report. Therefore, this provision is not applicable.

6.9 Risks resulting from consolidation of purchasing or sales operations and responsive Measures:

(A)Purchase:

At present, the main sources of raw materials are supplied by multiple suppliers, and we continue to develop different suppliers to spread the risks, so there is no risk of centralized purchase.

(B)Sales

The sales target is mainly domestic and foreign well-known big factories and their continuous competitiveness is strong. At present, there is no situation and risk of concentrated sales progress. In addition, according to the application requirements of electric vehicle cooling, UHF automatic driving radar, global positioning star, 5G high frequency antenna and high speed and low loss, semiconductor carrier and aging test



board, Mini LED and other application requirements, actively expand the market scale and develop new customers, to minimize the possible risk.

- 6.10 Impact and risks resulting from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10 percent of the Company's shares, and related responsive measures:

The Directors and major shareholders holding more than 10% of the shares of the Company have had no significant equity transfer or replacement affecting Company operations in the most recent year up to the publication date of this annual report.

- 6.11 Impact, risk, and response measures related to any change in governance rights in the Company:

The Company has not experienced any changes in operating rights affecting Company operations in the most recent year and as of the printing date of this annual report.

- 6.12 Litigation and non-litigation events: If the Company or Directors, Supervisors, President, Actual Person in Charge, and major shareholders with shareholding Percentage exceeding ten percent (10%) and affiliated companies who have any already decided or currently underway lawsuit, non-litigious or administrative lawsuit dispute, where the result may impact shareholder rights or materially affect the value of securities, then there shall be disclosure of the dispute, the amount thereof, the date of any lawsuit filing, the main parties thereto, and status thereof, as of the date of the publication of the Annual Report: None.

- 6.13 Other material risks and responsive measures:

The Company has its domicile on the Cayman Islands (no actual business activities). Its main operating areas are the UK, China, and Taiwan. Changes in the economic outlook and political environment of the country of domicile and the operating areas as well as foreign exchange fluctuations have a significant impact on the Company's operating conditions. In addition, there are many differences between the laws of the Cayman Islands, where the Company has its domicile, and the laws in Taiwan (e.g., the Company Act...). The Company has amended its Articles of Incorporation pursuant to the Checklist for the Protection of Shareholder Rights Where Shares are Issued by Foreign Issuers prescribed by TWSE. However, there are significant differences in regulations governing operations in Taiwan and the country of domicile. Investors must have a clear understanding of relevant regulations and inquire about investment risks with experts.

7. Other important items: None.

## VIII. Special Notes

### 1、Affiliated Companies:

#### 1.1 Consolidated Business Report of Affiliated Companies

##### (1) Organizational chart for affiliated companies:

See II. COMPANYPROFILE(Structure of the company)

##### (2) Relationship between the Company and its affiliated companies, their shareholding ratio, shares and actual investment amounts:

Dec 31, 2022; Unit: thousands

Name of affiliated company	Date of establishment	Address	Paid-in capital	Major businesses or products
VIG SAMOA	2006/2/24	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	1,431,072 (USD46,600)	General investment
VIG HK	2008/12/12	Unit B 22/F., Chung Pont Commerical Building, 300 Hennseey Road, Wanchai, Hong Kong	955,111 (USD31,101)	General investment
VLL	2006/11/6	OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands	246,008 (USD8,011)	General investment
VT HK	2006/1/10	Unit B 22/F., Chung Pont Commerical Building, 300 Hennseey Road, Wanchai, Hong Kong	73,743 (USD2,401)	General investment
VT TW	2011/2/21	10F., Gongye 5th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	350,358 (USD11,409)	Manufacture and sell of CCL, IMS and prepreg
VT UK	2006/11/24	Unit 1, Trojan Business Centre, Tachbrook Park Estate, Leamington Spa, Warwickshire, CV34 6RH, United Kingdom	40,687 (USD1,325)	Sell of CCL, IMS and prepreg

Name of affilia-t edcompany	Date of establishment	Address	Paid-in capital	Major businesses or products
VT DE	2010/11/6	Morschheimerstr, 15 D-67292 Kirchheimbolanden, Germany	212,000 (USD6,903)	Sell of CCL, IMS and prepreg
VT USA	2007/6/1	311 South Highland Ave. Unit B, Fullerton, CA 92832, USA	228,013 (USD7,425)	Sell of CCL, IMS and prepreg
VT SZ	2000/2/23	No. 308, Taishan Road, New District, Suzhou City, Jiangsu Province, China 215129	1,298,417 (USD36,600)	Research and development manufacture and sell of CCL, IMS and prepreg
VT JY	2005/5/18	73-1 Qingtong Road, Qingyang Town, Jiangyin, Jiangsu, P.R.C. 214403	125,907 (USD3,000)	Manufacture and sell of CCL, IMS and prepreg
VT SZWT	2009/8/11	Chengguan INC., Qisan Rd, Shenzhen Export Processing Zone, Pingshan New District, Shenzhen, Guangdong, P.R.C. 518118	82,897 (RMB18,800)	Manufacture and sell of CCL, IMS and prepreg

(3) Information on same shareholders of the Company and an affiliate in which the Company has controlling or subordinate relationship with: None.

(4) Industries covered by the business operated by the affiliates: The affiliates mainly engages in the production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg.

(5) Information on directors, supervisors, and presidents of affiliates:

Dec 31, 2022; Unit: NTthousands

Name of affiliate	Title	Name or representative	Shares held	
			Original Investment Amount / Shares	Share holding
VIG SAMOA	Director	Ventec International Group CO.,Ltd.- Representative: Lao, Kai- Lu	\$1,431,072/46,600,000	100%
VIG HK	Director Director	Wang, Yu-Tzu Lao, Kai- Lu	\$955,111 /31,110,000	100%

Name of affiliate	Title	Name or representative	Shares held	
			Original Investment Amount / Shares	Share holding
VLL	Director Director	VIG SAMOA-Representative: Lao, Kai- Lu VIG SAMOA- Representative: Chung, Chien- Jen	\$246,008/8,010,000	100%
VT HK	Director Director	Lao, Kai- Lu Chung, Chien- Jen	\$73,743/10,000	100%
VT TW	Director Director Director supervisors	VIG SAMOA - Representative: Lao, Kai- Lu VIG SAMOA - Representative: Chung, Chien- Jen VIG SAMOA –Representative: Chiu, Chiao Wei VIG SAMOA – Representative: Sun, Cheng Der	\$350,358/10,000,000	100%
VT UK	Director Director Director	Lao, Kai- Lu Chung, Chien- Jen Mark Goodwin	\$40,687/807,334	100%
VT DE	Director	Mark Goodwin	\$212,000/400,000	100%
VT USA	Director	Lao, Kai- Lu	\$228,013 (Note)	100%
VT SZ	Director supervisors	VIG HK- Representative: Lao, Kai- Lu Wang,Zhuo	\$1,298,417 (Note)	100%
VT JY	Director supervisors	VIG HK-Representative: Lao, Kai- Lu Li,Dan	\$125,907 (Note)	100%
VT SZWT	Director supervisors	VIG HK-Representative: Lao, Kai- Lu Li,Dan	\$82,897 (Note)	100%

Note: No shares are provided for it is a limited company and only capital contribution and Proportion of contribution are shown.

## (6) Operational highlights of affiliates

Dec,31,2022Unit: NT\$ thousands

Name of Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit (Loss)	Profit (Loss) for the period	EPS(\$)
VIG SAMOA	1,431,072	3,604,801	405,780	3,199,021	-	-	560,726	(Note)
VIG HK	955,111	2,668,796	131,694	2,537,102	4,354,169	468,336	416,042	(Note)
VLL	246,008	89,918	56,527	33,391	419,294	3,738	(2,894)	(Note)
VT HK	73,743	1,189,744	765,951	423,793	1,640,805	37,577	74,544	(Note)
VT TW	350,358	733,812	299,443	434,369	622,241	59,218	48,614	(Note)
VT UK	40,687	213,806	130,845	82,961	293,085	15,142	5,440	(Note)
VT DE	212,000	315,483	225,711	89,772	653,197	22,427	143	(Note)
VT USA	228,013	292,612	202,694	89,918	419,294	3738	(2,894)	(Note)
VT SZ	1,298,417	3,710,267	1,165,540	2,544,727	4,884,012	453,949	443,645	(Note)
VT JY	125,907	168,292	51,287	117,005	154,224	3,159	3,506	(Note)
VT SZWT	82,897	2,387	3,173	(786)	-	11,228	8,137	(Note)

Note : Earnings per share could not be calculated for it is not a company limited by shares.

1.2 Consolidated financial statements of affiliates: See Appendix 2.

1.3 Affiliation report: None.

2. Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report : None.

3. Holding or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report : None.

4. Other matters requiring supplementary information: None.

5. Any Event Which Has a Material Impact on Shareholders' Equity or Securities Prices Was Stipulated in Subparagraph 2, Paragraph 2, Article 36 of Securities Exchange Act in the Most Recent Fiscal Year and up to the Date of the Publication of the Annual Report: None.

6. The Company's Articles of Incorporation and any variation from the provisions governing the protection of shareholders' rights in Taiwan:

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>"Special Resolution": a resolution adopted, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting of a company whose shares have been issued in public is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.</p>	<p>It is defined in the Companies Law of the Cayman Islands, the Special Resolution shall be adopted by "two-third of the voting rights" exercised by the shareholders present at the shareholders' meeting who represent a majority (more than half) of the outstanding shares of the company.</p>	<p>Articles 39 (1)and 2(1) of the Articles of Incorporation of the Company stipulate that a Special Resolution adopted by two-thirds of the voting rights exercised by the shareholders' meeting attended by shareholders representing more than half of the total number of issued voting shares of the company shall be attended by shareholders in person; if it is an institutional shareholder, its legally authorized representative shall attend; or shareholders present by proxy in order to meet both the requirements of the Cayman Islands Act and the Taiwan Company Law on the attendance and voting rights of public companies.</p>
<p>1. A company shall not cancel its shares, unless a resolution on capital reduction has been adopted</p>	<p>Articles 14 to 18 of the Cayman Islands Companies Law have strict procedures and substantive norms for companies to reduce capital, and the relevant norms are mandatory and cannot be</p>	<p>Articles 14 to 18 of the Cayman Islands Companies Law have strict procedures and substantive norms for companies to reduce capital, and the relevant norms are</p>

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>by its shareholders' meeting; and capital reduction shall be effected based on the percentage of shareholding of the shareholders pro rata.</p> <p>2. When the company reduces its capital, it can return the share capital with property other than cash; the property to be returned and the amount to be offset shall be subject to a resolution of the shareholders' meeting and the consent of the shareholder who received the property.</p> <p>3. The value of the property referred to in the preceding paragraph and the amount to be offset shall be submitted by the board of directors to the accountant of the Republic of China for verification before the shareholders' meeting.</p>	<p>changed by the Articles of Incorporation.</p>	<p>mandatory and cannot be changed by the Articles of Incorporation. There are considerable differences from the checklist for the protection of shareholders' rights and interests regarding the normative requirements for the company's capital reduction. For the avoidance of doubt, with advice from a Cayman Islands lawyer, the provisions of Article 14 of the Articles of Incorporation of the Company are amended so that the Capital Reduction of the company shall be handled in accordance with the procedures and conditions stipulated by the laws of the Cayman Islands and the listing (or OTC) regulations. As for the normative requirements for the company's Capital Reduction in the Checklist for the Protection of Shareholders' Rights and Interests, it is stipulated in Article 24(1) of the Articles of Incorporation of the company, which is replaced by the way of repurchasing shares in proportion to the shareholders' shareholding.</p>

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>1. The company's physical shareholders' meeting shall be held within the territory of the Republic of China. If a physical shareholders' meeting is held outside the Republic of China, it shall be reported to the stock exchange for approval within two days after the resolution of the board of directors or the shareholders' approval of the convening from the competent authority.</p> <p>2. When the company holds a shareholders' meeting outside the Republic of China, it shall appoint a professional stock agency within the territory of the Republic of China to handle shareholder voting matters.</p>	<p>There are no relevant regulations or laws in the Cayman Islands.</p>	<p>According to the first paragraph of Article 31 of the revised draft articles of association: "During the listing period, the company's physical shareholders' meeting shall be held within the territory of the Republic of China. "There are no exceptions, so there is no need to separately regulate the licensing or reporting procedures for holding a general meeting of shareholders outside the Republic of China. In addition, the company's entity shareholders' meeting during the listing period will be held in the Republic of China, but the company will still entrust a professional stock agency in the Republic of China to handle shareholder voting and other related matters.</p>
<p>Any or a plural number of shareholder(s) of a company who has (have) continuously</p>	<p>There is no relevant regulation in Cayman Islands law.</p>	<p>The company is a company established in accordance with the Companies Law of the Cayman Islands, and there is no local competent authority in the</p>



Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.</p>		<p>Cayman Islands responsible for examining whether shareholders can convene a shareholders' meeting on their own. Therefore, it is stipulated in Article 32 of the Articles of Incorporation of the Company, any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request, the proposing shareholder(s) may convene a special meeting of shareholders on his/their own - no need to obtain an approval from the competent authority.</p>
<p>A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the meeting in person.</p>	<p>According to the opinion of the lawyers of the Cayman Islands, shareholders who exercise their voting rights in writing or electronically shall not be deemed to be present in person, but shall be construed as appointing the chairman of the shareholders' meeting as a proxy.</p>	<p>The last paragraph of Article 57 of the Articles of Incorporation of the Company states: "Shareholders who exercise their voting rights in writing or electronically shall be construed as appointing the chairman of the shareholders' meeting as a proxy to exercise voting rights based on the content of their voting in writing or electronically. But the chairman of the shareholders' meeting has no voting rights for the matters not</p>

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
		<p>mentioned or indicated in the content, provisional motions or amendments to original motions. For the avoidance of doubt, a shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting. "Therefore, the actual operation of this article is not materially different from the provisions of the laws of the Republic of China. However, the chairman of the shareholders' meeting is used as the proxy of the shareholders who vote in writing or electronically, so as to comply with the laws of the Cayman Islands - a shareholder's request to exercise the voting rights in person or by proxy on the spot at the same time.</p>
<p>If the company adopts shares without par value, it shall not be converted into shares of par value.</p>	<p>Section 8(1) of the Cayman Islands Companies Law provides that an exempted company shall not divide its capital into both par and no-par shares.</p>	<p>Article 8 of the memorandum of organization of the company stipulates: "The total capital of the company is NT\$900,000,000, divided into 90,000,000 ordinary shares with a par value of NT\$10 each", and the par value shares have been clearly adopted. In addition, after obtaining the opinions of the lawyers of the Cayman Islands, according to the provisions of Article 8(1) of the Cayman Islands Companies Law, if a Cayman Islands exempted company adopts shares of no par value, it cannot be converted into shares of par value in practice and vice versa. As an exempted</p>

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
		company, the company has already issued par value shares, so there is no application of the specifications in the leftmost column; however, for the avoidance of doubt, the company has also stipulated clearly in Article 7(5) of the Articles of Incorporation, and the company shall not issue or convert to non-issued shares.
<ol style="list-style-type: none"> <li>1. Supervisors of a company shall be elected by the meeting of shareholders, among them at least one supervisor shall have a domicile within the territory of the Republic of China.</li> <li>2. The term of office of a supervisor shall not exceed three years. But is eligible for re-election.</li> <li>3. In case all supervisors of a company are discharged, the board of directors shall, within 60 days, convene a special meeting of shareholders to elect new supervisors.</li> <li>4. Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the</li> </ol>	There is no relevant regulation in Cayman Islands law.	The company adopts the audit committee system and has not set up supervisors, so the standard requirements in the far left column do not apply to the company.

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>business and financial conditions of the company, examine, transcribe, or copy the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon.</p> <p>5. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders.</p> <p>6. In performing the audit duties, the supervisors may appoint, on behalf of the company, a practicing lawyer and a certified public accountant to conduct the examination.</p> <p>7. Supervisors of a company may attend the meeting of the board of directors to give their opinions. In case the board of directors or any director commits</p>		

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act.</p> <p>8. Supervisor may each exercise the supervision power individually.</p> <p>9. A supervisor shall not be concurrently a director, a managerial officer or other staff/employee of the company.</p>		
<p>Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the company over six months may request in writing the supervisors of the company to institute, for the company, an action</p>	<p>There is no relevant regulation in Cayman Islands law.</p>	<p>The company adopts the audit committee system and has no supervisors. Therefore, referring to the provisions of Article 14-4, Item 3 of the Taiwan Securities and Exchange Act, independent directors are used to replace the part about supervisors in the far left column. According to Article 86 of the company's articles of association, minority shareholders request in writing that any independent director of the audit committee be the company's competent court (including the</p>

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>against a director of the company, and the Taipei District Court of Taiwan shall be the court of first instance jurisdiction. In case the supervisors fails to institute an action within 30 days after having received the request, then the shareholders filing such request may institute the action for the company, and the Taipei District Court of Taiwan shall be the court of first instance jurisdiction.</p>		<p>Taipei District Court in Taiwan) for performing duties that damage the company or violate the laws of the Cayman Islands, listing (or OTC) regulations or the company's Articles of Incorporation, if the independent director does not file a lawsuit within 30 days from the date of receiving the aforementioned request, he may file a lawsuit for the company.</p>
<p>Shareholders who vote against or abstain from the vote on the resolution of the corporate division, merger, acquisition, or share conversion at an annual shareholders' meeting may request the company to buy back all of their shares. Shares that are abstained by shareholders shall be excluded from the number of votes of shareholders present at the meeting.</p>	<p>There are no relevant regulations or laws in the Cayman Islands.</p>	<p>The Company will amend the Articles of Association at the annual shareholders' meeting this year to meet the requirements specified in the left most column.</p>
<p>In the event of a corporate merger or</p>	<p>There are no relevant regulations or laws in the Cayman Islands.</p>	<p>The Company will amend the Articles of Association at the annual shareholders' meeting this</p>

Items that are Different	The Companies Law of The Cayman Islands Description	Articles of Incorporation Provisions and Description
<p>acquisition, the company shall itemize the essential contents of directors' interests and the cause of approval or dissent to the resolution of the merger or acquisition in the notice for convening the shareholders' meeting. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and the address of such website shall be included in the notice.</p>		<p>year to meet the requirements specified in the left most column.</p>

## 【 Appendix 1 】

Ventec International Group Co., Ltd.

Audit Committee Review Report

The Board of Directors herewith submits the 2022 Business Report, Consolidated Financial Statements, and Profit Distribution Proposal, including the consolidated financial statements that have been audited by the Deloitte & Touche accounting firm, who have issued an audit report. The aforementioned business report, consolidated financial statement, and profit distribution proposal have been audited by this Audit Committee, and the Committee does not find any discrepancies. Thus, this report is made in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; kindly review accordingly.

Sincerely,

Ventec International Group Co., Ltd.

2023 Shareholders' Meeting

Ventec International Group Co., Ltd.

Conver of the Audit Committee: Chen, Tsung-Hsi

14th March 2023



## **Independent Auditors' Report**

To Ventec International Group Co., Ltd.,

### **Opinion**

We have audited the accompanying consolidated financial statements of Ventec International Group Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial statements”. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

### Existence of specific revenue

The ratio of the Group's sales to specific customers in 2022 was significantly different than average of the previous period. Therefore, we considered the existence of revenue from specific customers as a key audit matter.

Refer to Note 4 on the Group's consolidated financial statements for the accounting policy of revenue recognition.

The main audit procedures performed for the authenticity of specific revenue were as follows:

1. We understood the design and implementation of internal controls and tested the operating effectiveness of revenue derived from specific customers.
2. We sample tested the transaction documents related to revenue derived from specific customers, including sales order, shipping invoices and documents.
3. We sample tested the payee, payment terms and the timing of payment receipt related to revenue derived from specific customers to verify the authenticity of revenue.

### **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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material. Whether 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 auditing standards generally accepted in 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 in response to those risks, and obtain audit evidence that is sufficient and appropriate to form a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the rationality of accounting estimates and related disclosures made by the management team.
4. Conclude on the appropriateness of the management team's use of the going-concern basis of accounting which is determined on evidence obtained and whether there is uncertainty related to events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that an event or circumstance holds considerable uncertainty, 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 circumstances may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance a statement that we follow relevant ethical requirements regarding independence, and we communicate with them all relationships that may affect our independence or other matters (including 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, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA, Yi-Ching, Liu

CPA, Chun-Hung, Chen

Securities and Futures Commission

Securities and Futures Commission

Approval Document No.

Approval Document No.

Jin-Guan-Zheng-Shen No. 1100356048

Jin-Guan-Zheng-Shen No. 0990031652

March 14, 2023

Ventec International Group Co., Ltd.  
Ventec International Group Co., Ltd. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
For the Years Ended 2022 and 2021

Unit: In NT\$ thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 629,941	12	\$ 491,638	8
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	65,123	1
1136	Financial assets at amortized cost - current (Notes 4, 8, 16, and 29)	169,141	3	180,644	3
1150	Notes receivable (Notes 4, 9, 16, 20, and 29)	101,387	2	84,351	1
1170	Trade receivables (Notes 4, 9 and 20)	1,331,056	27	2,382,890	39
1200	Other receivables (Notes 4 and 9)	30,251	1	12,995	-
1220	Current tax assets (Notes 4 and 22)	-	-	3,648	-
1310	Inventories (Notes 4, 10 and 25)	934,910	19	1,420,866	23
1410	Prepayments	56,514	1	83,979	1
1470	Other current assets	631	-	-	-
11XX	Total current assets	<u>3,253,831</u>	<u>65</u>	<u>4,726,134</u>	<u>76</u>
	Non-current assets				
1535	Financial assets at amortized cost - non-current (Notes 4 and 8)	440,939	9	65,123	1
1600	Property, plants, and equipment (Notes 4, 12, 16, 25, and 29)	999,796	20	1,058,150	17
1755	Right-of-use assets (Notes 4 and 13)	177,613	4	212,186	4
1805	Goodwill (Notes 4 and 14)	69,686	1	62,812	1
1801	Intangible assets (Notes 4, 15 and 25)	10,022	-	12,319	-
1840	Deferred tax assets (Notes 4 and 22)	28,575	1	30,630	1
1920	Refundable deposits	9,989	-	9,033	-
1990	Other non-current assets	17,031	-	16,263	-
15XX	Total non-current assets	<u>1,753,651</u>	<u>35</u>	<u>1,466,516</u>	<u>24</u>
1XXX	Total	<u>\$ 5,007,482</u>	<u>100</u>	<u>\$ 6,192,650</u>	<u>100</u>
Code	Liabilities And Equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 8, 9, 16, and 29)	\$ 276,262	6	\$ 629,274	10
2170	Trade payables	645,680	13	1,317,430	21
2200	Other payables (Notes 17 and 28)	495,385	10	646,178	11
2280	Lease liabilities - current (Notes 4 and 13)	43,830	1	42,520	1
2230	Current tax liabilities (Notes 4 and 22)	46,040	1	39,396	1
2320	Current portion of long-term borrowings (Notes 12, 16, and 29)	18,481	-	18,254	-
2399	Other current liabilities (Notes 4 and 20)	7,690	-	3,901	-
21XX	Total current liabilities	<u>1,533,368</u>	<u>31</u>	<u>2,696,953</u>	<u>44</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 12, 16, and 29)	102,461	2	120,137	2
2570	Deferred tax liabilities (Notes 4 and 22)	132,041	3	152,422	2
2580	Lease liabilities - non-current (Notes 4 and 13)	64,707	1	99,376	2
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	52,154	1	47,757	1
2670	Other non-current liabilities	29,191	-	25,430	-
25XX	Total non-current liabilities	<u>380,554</u>	<u>7</u>	<u>445,122</u>	<u>7</u>
2XXX	Total liabilities	<u>1,913,922</u>	<u>38</u>	<u>3,142,075</u>	<u>51</u>
	Equity (Notes 4, 11, 19, and 24)				
3100	Common shares	<u>714,543</u>	<u>14</u>	<u>714,543</u>	<u>12</u>
3200	Capital surplus	<u>886,111</u>	<u>18</u>	<u>886,111</u>	<u>14</u>
	Retained earnings				
3310	Legal reserve	237,252	4	154,737	2
3320	Special reserve	343,852	7	323,690	5
3350	Unappropriated earnings	<u>1,040,900</u>	<u>21</u>	<u>1,148,122</u>	<u>19</u>
3300	Total retained earnings	<u>1,622,004</u>	<u>32</u>	<u>1,626,549</u>	<u>26</u>
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	( 114,580 )	( 2 )	( 143,852 )	( 2 )
3490	Unearned employee benefits	( 14,518 )	-	( 32,776 )	( 1 )
3400	Total other equity	( 129,098 )	( 2 )	( 176,628 )	( 3 )
3XXX	Total equity	<u>3,093,560</u>	<u>62</u>	<u>3,050,575</u>	<u>49</u>
	Total	<u>\$ 5,007,482</u>	<u>100</u>	<u>\$ 6,192,650</u>	<u>100</u>

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

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 2022 and 2021

Unit: (In Thousands of NTD, except earnings per share, which is in NTD)

Code		2022		2021	
		Amount	%	Amount	%
4100	Sales (Notes 4, 20 and 33)	\$ 5,612,825	100	\$ 7,667,219	100
5110	Cost of sales (Notes 4, 10, 21 and 28)	<u>4,028,221</u>	<u>72</u>	<u>5,342,878</u>	<u>70</u>
5900	Gross profit	<u>1,584,604</u>	<u>28</u>	<u>2,324,341</u>	<u>30</u>
	Operating expenses (Notes 4, 9, 21 and 28)				
6100	Sales and marketing expenses	597,500	11	708,499	9
6200	General and administrative expenses	227,405	4	298,498	4
6300	Research and development expenses	235,334	4	237,653	3
6450	Expected credit loss (gain on reversal) recognized on trade receivables	( <u>4,720</u> )	<u>-</u>	<u>3,225</u>	<u>-</u>
6000	Total operating expenses	<u>1,055,519</u>	<u>19</u>	<u>1,247,875</u>	<u>16</u>
6900	Net operating income	<u>529,085</u>	<u>9</u>	<u>1,076,466</u>	<u>14</u>
	Non-operating income and expenses (Notes 4, 7 and 21)				
7100	Interest income	17,050	-	1,967	-
7010	Other income	17,557	-	16,702	-
7020	Other gains and losses	19,369	1	( 34,460 )	-
7510	Interest expense	( <u>15,872</u> )	<u>-</u>	( <u>12,373</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>38,104</u>	<u>1</u>	( <u>28,164</u> )	<u>-</u>

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Code		2022		2021	
		Amount	%	Amount	%
7900	Net income before tax	\$ 567,189	10	\$ 1,048,302	14
7950	Income tax expense (Notes 4 and 22)	<u>100,762</u>	<u>2</u>	<u>220,490</u>	<u>3</u>
8200	Net income for the year	<u>466,427</u>	<u>8</u>	<u>827,812</u>	<u>11</u>
	Other comprehensive income (Notes 4 and 18)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	627	-	( 2,666 )	-
8341	Exchange differences arising from translation to the presentation currency	<u>299,422</u>	<u>6</u>	( <u>78,239</u> )	( <u>1</u> )
		<u>300,049</u>	<u>6</u>	( <u>80,905</u> )	( <u>1</u> )
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	( <u>270,150</u> )	( <u>5</u> )	<u>58,077</u>	<u>-</u>
8300	Other comprehensive income for the year	<u>29,899</u>	<u>1</u>	( <u>22,828</u> )	( <u>1</u> )
8500	Total comprehensive income for the year	<u>\$ 496,326</u>	<u>9</u>	<u>\$ 804,984</u>	<u>10</u>
	Earnings per share (Note 23)				
9750	Basic	<u>\$ 6.60</u>		<u>\$ 11.72</u>	
9850	Diluted	<u>\$ 6.47</u>		<u>\$ 11.51</u>	

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

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.  
Ventec International Group Co., Ltd.and Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended 2022 and 2021

Unit: In NT\$ thousands

Code		Ordinary shares (Notes 4 and 19)		Capital Surplus (Notes 4, 19, and 24)	Retained earnings (Note 19)			Other equity items (Notes 4, 11, 19, and 24)		Total equity
		Shares (in thousands)	Amount		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unearned employee benefits	
A1	Balance on January 1, 2021	71,454	\$ 714,543	\$ 886,111	\$ 117,549	\$ 395,706	\$ 516,802	( \$ 123,690 )	( \$ 53,436 )	\$ 2,453,585
	Appropriation of 2020 earnings									
B1	Legal reserve	-	-	-	37,188	-	( 37,188 )	-	-	-
B3	Special reserve	-	-	-	-	( 72,016 )	72,016	-	-	-
B5	Cash dividends distributed by the Company to shareholders	-	-	-	-	-	( 228,654 )	-	-	( 228,654 )
D1	Net income for 2021	-	-	-	-	-	827,812	-	-	827,812
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	( 2,666 )	( 20,162 )	-	( 22,828 )
D5	Total comprehensive income for 2021	-	-	-	-	-	825,146	( 20,162 )	-	804,984
N1	Issuance of ordinary shares under employee restricted shares	-	-	-	-	-	-	-	20,660	20,660
Z1	Balance on December 31, 2021	71,454	714,543	886,111	154,737	323,690	1,148,122	( 143,852 )	( 32,776 )	3,050,575
	Appropriation of 2021 earnings									
B1	Legal reserve	-	-	-	82,515	-	( 82,515 )	-	-	-
B3	Special reserve	-	-	-	-	20,162	( 20,162 )	-	-	-
B5	Cash dividends distributed by the Company to shareholders	-	-	-	-	-	( 471,599 )	-	-	( 471,599 )
D1	Net income for 2022	-	-	-	-	-	466,427	-	-	466,427
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	627	29,272	-	29,899
D5	Total comprehensive income for 2022	-	-	-	-	-	467,054	29,272	-	496,326
N1	Issuance of ordinary shares under employee restricted shares	-	-	-	-	-	-	-	18,258	18,258
Z1	Balance on December 31, 2022	71,454	\$ 714,543	\$ 886,111	\$ 237,252	\$ 343,852	\$ 1,040,900	( \$ 114,580 )	( \$ 14,518 )	\$ 3,093,560

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

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu



Ventec International Group Co., Ltd.  
Ventec International Group Co., Ltd. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended 2022 and 2021

		Unit: In NT\$ thousands	
Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before tax for this period	\$ 567,189	\$ 1,048,302
A20010	Adjustments for		
A20100	Depreciation expenses	194,241	176,629
A20200	Amortization expenses	2,603	747
A20300	Expected credit loss (gain on reversal) recognized on trade receivables	( 4,720 )	3,225
A20400	Net gain on financial assets and liabilities at fair value through profit or loss (FVTPL)	( 558 )	-
A20900	Interest expense	15,872	12,373
A21200	Interest income	( 17,050 )	( 1,967 )
A21900	Compensation cost of employee restricted shares	18,258	20,660
A22500	(Gain) loss on disposal of property, plant and equipment, net	( 100 )	2,282
A22900	Gain on disposal of right-of-use assets	( 1 )	( 19 )
A23800	Inventory valuation and obsolescence losses (gain on value recovery)	14,112	4,609
A24100	Loss (gain) on foreign currency exchange, net	13,925	( 36,275 )
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	-	20,878
A31130	Notes receivable	( 15,783 )	( 47,146 )
A31150	Trade receivables	1,134,536	( 1,014,638 )
A31180	Other receivables	( 17,095 )	( 6,612 )
A31200	Inventories	502,474	( 586,471 )
A31230	Prepayments	31,063	( 25,033 )
A31240	Other current assets	( 268 )	-
A32110	Financial liabilities at FVTPL	-	( 173 )
A32150	Trade payables	( 698,715 )	457,215
A32180	Other payables	( 161,697 )	233,803
A32230	Other current liabilities	3,732	795
A32240	Net defined benefit liabilities	5,024	4,673
A33000	Cash generated from operations	1,587,042	267,857

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Code		2022	2021
A33100	Interest received	\$ 17,050	\$ 1,967
A33300	Interest paid	( 16,096 )	( 12,094 )
A33500	Income tax paid	( <u>122,492</u> )	( <u>136,649</u> )
AAAA	Net cash inflows from operating activities	<u>1,465,504</u>	<u>121,081</u>
Cash flows from investing activities			
B00100	Disposal (acquisition) of financial assets at FVTPL	67,780	( 65,360 )
B00040	Acquisition of financial assets at amortized cost	( 357,700 )	( 53,579 )
B02200	Net cash outflow from acquisition business	-	( 61,454 )
B02700	Acquisition of property, plants, and equipment	( 85,429 )	( 158,051 )
B02800	Proceeds from disposal of property, plants, and equipment	1,395	1,557
B03700	(Increase) decrease in refundable deposits	( 718 )	806
B06800	(Increase) decrease in other non-current assets	( <u>817</u> )	<u>714</u>
BBBB	Net cash outflow from investing activities	( <u>375,489</u> )	( <u>335,367</u> )
Cash flows from financing activities			
C00100	Increase (decrease) in short-term borrowings	( 411,854 )	391,563
C01600	Proceeds from long-term borrowings	-	924
C01700	Repayments of long-term borrowings	( 17,574 )	( 16,906 )
C03100	Increase (decrease) in guarantee deposits received	( 515 )	195
C04020	Repayments of the principal portion of lease liabilities	( 47,922 )	( 43,268 )
C04300	Increase (decrease) in other non-current liabilities	3,783	( 151 )
C04500	Dividends paid to owners of the Company	( <u>470,903</u> )	( <u>228,654</u> )
CCCC	Net cash inflow (outflow) from financing activities	( <u>944,985</u> )	<u>103,703</u>
DDDD	Effects of exchange rate changes on cash and cash equivalents	( <u>6,727</u> )	<u>48,996</u>
EEEE	Net increase (decrease) in cash and cash equivalents	138,303	( 61,587 )
E00100	Opening balance of cash and cash equivalents	<u>491,638</u>	<u>553,225</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 629,941</u>	<u>\$ 491,638</u>

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

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.  
(Ventec International Group Co., Ltd.) and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

From January 1 to December 31, 2022 and 2021

(In thousands of NTD, unless stated otherwise)

1. GENERAL INFORMATION

Ventec International Group Co., Ltd. (the “Company”), a holding company of all the merged entities, was incorporated in the Cayman Islands in October 2012. The Company’s ordinary shares have been listed on Taiwan Stock Exchange since April 2019.

The Company and its subsidiaries, collectively referred to as the “Group”, mainly engaged in research and development, production and sale of copper clad laminate (CCL), aluminum-backed laminate (IMS), and prepreg.

The functional currency of the Company is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 14, 2023.

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

a. Initial application of the amendments to 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) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting in 2023

New, Amended, and Revised Standards and Interpretations	Effective Date of IASB Issue
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2. The amendments are applicable to changes in accounting estimates, and changes in accounting policies that occur during annual reporting periods beginning on January 1, 2023.

Note 3. The amendments apply to transactions occurring on or after January 1, 2022, except for the temporary differences between leases and decommissioning obligations recognized in deferred income tax on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, amendments to the relevant evaluation standards and interpretations of the Group will not have a material impact on the financial position and financial performance.

- c. New IFRSs is issued by International Accounting Standards Board (“IASB”) but not yet endorsed and issued by the FSC

New, Amended, and Revised Standards and Interpretations	Effective Date of IASB Issue (Note 1)
Amendments to IFRS 10 and IAS 28 “Sales or Contributions of Assets between an Investor and its Associate or Joint Venture”	Undetermined
Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities in Compliance with the Contract Terms”	January 1, 2024

Note 1. Unless stated otherwise, the afore mentioned new issued/revised/amended standards or interpretations shall take effect for next annual reporting periods at the beginning of their respective effective dates.

Note 2. The Seller and Lessee shall also apply the amendments to IFRS 16 in any sale leaseback transaction entered into in which IFRS 16 applies.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impacts the application of other standards and interpretations will have on the Group's financial position and financial performance. The results will be disclosed when the assessment is completed.

#### 4. A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statements of compliance

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

##### b. Basis of preparation

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

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

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

##### c. Distinguish standard of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the balance sheet date; and
- 3) Liabilities which do not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities (i.e., its subsidiaries) controlled by the Company. The operating profits and losses of the acquired or disposed of subsidiary companies in the current period from the acquisition date or until the disposal date have been included in the consolidated statement of comprehensive income. The financial statements of subsidiaries have been adjusted to align their accounting policies with those of the Group. All intra-group transactions, account balances, income and expenses are eliminated during preparation of consolidated financial statement. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11, Tables 5 and 6 for detailed information on subsidiaries, shareholding ratio and business item.

e. Business combination

The business combination is treated by the acquisition method. Acquisition related costs are recognized to expenses in the period when costs are incurred and services are acquired.

Goodwill is measured by the fair value of the transfer consideration and identifiable assets acquired after the acquisition date.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined, and exchange differences generated is recognized as current profit or loss.

Non-monetary items measured at historical cost in a foreign currency are translated by the exchange rate at the date of the transaction, no further conversions will be made.

When preparing the consolidated financial statements, the assets and liabilities of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are converted to NTD at the exchange rate of each balance sheet date. The income and expense items are converted at the average exchange rate for the period, and the resulting exchange difference is recognized as other comprehensive gains and losses and attributable to the owner and non-controlling interest of the Company respectively. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency, are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation which are attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Property, plants, and equipment

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

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

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis. And defer the impact of changes in applicable accounting estimates.

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

i. 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.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.



A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rate to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

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

Intangible assets acquired by the Group are recognized at the fair value of the acquisition date, and are separately recognized with goodwill, and subsequently measured in the form of intangible assets acquired separately.

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

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

## 1. Financial instruments

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

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

### 1) Financial assets

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

#### a) Measurement categories

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

##### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial 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 equivalent, notes receivable, trade receivables, other receivables, restricted bank deposit and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: i) Significant financial difficulty of the issuer or the borrower; ii) Breach of contract, such as a default; iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of 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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

The impairment losses of all financial assets are reduced by adjusting their carrying amounts through the provision account.

c) Derecognition of financial assets

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

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

However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

The equity instruments issued by the Group are recognized at the amount obtained after deducting direct issuance costs.

3) Financial liabilities

a) Subsequent measurement

Except the derivative instruments, all financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of CCL, IMS and prepreg. The sale of goods above is recognized as revenue when the goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing (the Group as lessee)

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

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, 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.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets 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.

o. Borrowing costs

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

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

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

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

q. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

r. Share-based payment arrangements

Restricted shares for employees granted to employees and others providing similar services.

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.



At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

s. Income tax

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

1) Current income tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are 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 profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes for the year

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATING UNCERTAINTY

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

Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group assumes there are no critical accounting judgment and estimation uncertainty involved.

6. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 165	\$ 158
Checking accounts and demand deposits	485,745	479,324
Cash equivalents (original maturity date within 3 months)		
Time deposits	<u>144,031</u>	<u>12,156</u>
	<u>\$ 629,941</u>	<u>\$ 491,638</u>

The interest rate of time deposits was 1.49%~4.55% and 1.76% per annum as of December 31, 2022 and 2021.

7. Financial instruments at FVTPL - current(December 31, 2022: None)

	<u>December 31, 2021</u>
<u>Financial assets mandatorily</u>	
<u>classified as at FVTPL</u>	
Hybrid financial assets	
- structured time deposits	<u>\$ 65,123</u>

The Group signed a three-month structured time deposit contract with a bank. The structured time deposit includes an embedded derivative that is not closely associated with the host contract. As the host contract contained in a hybrid contract is an asset within the scope of IFRS 9, the hybrid contract as a whole is mandatorily classified as at FVTPL. The earning yields as of December 31, 2021 ranged from 1.30% to 3.65%.

8. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Restricted bank deposits (Note 29)	\$ 30,948	\$ 28,691
Time deposits (original maturity date exceeds 3 months)	<u>138,193</u>	<u>151,953</u>
	<u>\$ 169,141</u>	<u>\$ 180,644</u>
<u>Non-current</u>		
Time deposits (original maturity date exceeds 1 year)	<u>\$ 440,939</u>	<u>\$ 65,123</u>

As of December 31, 2022 and 2021, the information on bank time deposit durations and interest rate range are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Due date	February 2023~ November 2025	October 2022~ March 2024
Annual rate of interest	1.80%~5.50%	3.15%~3.99%

9. Notes receivable, trade receivables, and other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 101,387</u>	<u>\$ 84,351</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,353,486	\$ 2,411,693
Less: Allowance for impairment loss	( <u>22,430</u> )	( <u>28,803</u> )
	<u>\$ 1,331,056</u>	<u>\$ 2,382,890</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 1,337	\$ 1,538
OTHER MATTERS	<u>28,914</u>	<u>11,457</u>
	<u>\$ 30,251</u>	<u>\$ 12,995</u>

a. Trade receivables

The Group's credit period of sales of goods ranges from 120 days to 150 days. No interest was charged on trade receivables due to a short period of credit grant. In order to minimize credit risk, the management team of the Group has delegated a team responsible for determining credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. It takes into account the general economic conditions of the industry in which the debtors operate and considers the assessment of both the current and forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The Group still continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 1,323,366	\$ 12,625	\$ 213	\$ 17,282	\$ 1,353,486
Allowance for losses (lifetime ECLs)	( 4,026 )	( 1,058 )	( 64 )	( 17,282 )	( 22,430 )
Amortized cost	<u>\$ 1,319,340</u>	<u>\$ 11,567</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 1,331,056</u>

December 31, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 2,373,441	\$ 15,924	\$ 2,779	\$ 19,549	\$ 2,411,693
Allowance for losses (lifetime ECLs)	( 7,660 )	( 1,148 )	( 834 )	( 19,161 )	( 28,803 )
Amortized cost	<u>\$ 2,365,781</u>	<u>\$ 14,776</u>	<u>\$ 1,945</u>	<u>\$ 388</u>	<u>\$ 2,382,890</u>

The movements of the allowance for losses of trade receivables were as follows:

	2022	2021
Opening Balance	\$ 28,803	\$ 26,542
Add: Net remeasurement of loss allowance	( 4,720 )	3,225
Less: Amounts written off	( 2,404 )	-
Foreign exchange gains and losses	751	( 964 )
Closing Balance	<u>\$ 22,430</u>	<u>\$ 28,803</u>

Notes receivable that are pledged as collateral for bank borrowings are set out in Note 29.

b. Other receivables

As of December 31, 2022 and 2021, the Group assessed the impairment loss of other receivables using expected credit losses.

10. Inventories

	December 31, 2022	December 31, 2021
Finished goods	\$ 528,203	\$ 633,327
Work in progress	79,142	145,346
Raw materials	<u>327,565</u>	<u>642,193</u>
	<u>\$ 934,910</u>	<u>\$ 1,420,866</u>

The cost of inventories recognized as cost of goods sold for the years 2022 and 2021 was \$4,028,221 thousand and \$5,342,878 thousand, respectively. The cost of goods sold for 2022 and 2021 included inventory depreciation of NTD 14,112 thousand and slow-moving inventories of NTD 4,609 thousand respectively.

#### 11. Subsidiary

Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary Name	Nature of business activities	Proportion of ownership (%)	
			January 1, 2022	December 31, 2021
Ventec International Group Co., Ltd. ("VIG CAYMAN")	Ventec International Group Company Limited (SAMOA) ("VIG SAMOA")	General investment	100.00%	100.00%
VIG SAMOA	Ventec International Group Limited (HK) ("VIG HK")	General investment	100.00%	100.00%
"	Ventec Logistics Limited ("VLL")	General investment	100.00%	100.00%
"	Ventec Electronics (HK) Co., Ltd. ("VT HK")	International trade	100.00%	100.00%
"	Ventec Electronics Corporation ("VT TW") (Note 1)	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%
"	Ventec Europe Ltd. ("VT UK")	Sale of CCL, IMS, and prepreg	100.00%	100.00%
"	Ventec Central Europe GmbH. ("VT DE")	Sale of CCL, IMS, and prepreg	100.00%	100.00%
VIG HK	Ventec Electronics (Suzhou) Co., Ltd. ("VT SZ")	Research and development, manufacturing, and sale of CCL, IMS, and prepreg	100.00%	100.00%
"	Ventec Electronics (Jiangyin) Co., Ltd. ("VT JY")	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%
VT SZ	Ventec Electronics (Shenzhen) Co., Ltd. ("VT SZWT") (Note 2)	Manufacturing and sale of CCL, sale of IMS and prepreg	100.00%	100.00%
VLL	Ventec USA LLC ("VT USA")	Sale of CCL, IMS, and prepreg	100.00%	100.00%

Note 1. On March 12, 2021, the board of directors of VT TW (who represent shareholders and supervise the Company) passed a resolution for capital reduction and return of capital in the amount of NT\$75,000 thousand. The recording date of capital reduction was on April 28, 2021.

Note 2. In order to adjust the subsidiary's capital structure, the board of directors of VT SZWT passed a resolution to reduce their cash capital by 1,200 thousand RMB in April 2022 and completed the change registration procedure on June 8, 2022.

## 12. Property, plants, and equipment

	Land	Houses and Buildings	Machinery and equipment	Wealth generating equipment	Leasehold improvements	Other equipment	Construction in progress and machinery in transit	Total
<u>Cost</u>								
Balance on January 1, 2022	\$ 118,840	\$ 503,654	\$ 1,867,047	\$ 39,920	\$ 53,318	\$ 138,657	\$ 15,017	\$ 2,736,453
Additions	-	223	541	1,600	316	7,033	47,227	56,940
Reclassification	-	-	61,368	-	800	4,971	( 51,408)	15,731
Disposals	-	( 450)	( 50,981)	( 692)	( 2,417)	( 3,972)	-	( 58,512)
Conversion adjustment	-	5,685	28,488	1,427	1,480	2,226	2,142	41,448
Balance on December 31, 2022	118,840	509,112	1,906,463	42,255	53,497	148,915	12,978	2,792,060
<u>Accumulated depreciation</u>								
Balance on January 1, 2022	-	199,745	1,346,660	23,895	19,997	88,006	-	1,678,303
Depreciation expenses	-	22,475	90,983	5,379	11,287	13,906	-	144,030
Disposals	-	( 450)	( 50,392)	( 638)	( 2,417)	( 3,320)	-	( 57,217)
Conversion adjustment	-	2,435	21,502	984	759	1,468	-	27,148
Balance on December 31, 2022	-	224,205	1,408,753	29,620	29,626	100,060	-	1,792,264
Net Amount on December 31, 2022	<u>\$ 118,840</u>	<u>\$ 284,907</u>	<u>\$ 497,710</u>	<u>\$ 12,635</u>	<u>\$ 23,871</u>	<u>\$ 48,855</u>	<u>\$ 12,978</u>	<u>\$ 999,796</u>
<u>Cost</u>								
Balance on January 1, 2021	\$ 118,840	\$ 512,255	\$ 1,866,728	\$ 34,952	\$ 24,403	\$ 118,688	\$ 55,260	\$ 2,731,126
Additions	-	-	19,014	5,959	11,242	12,344	115,542	164,101
Reclassification	-	-	118,752	1,802	18,690	16,747	( 155,217)	774
Disposals	-	( 6,632)	( 95,022)	( 1,643)	( 153)	( 6,986)	-	( 110,436)
Acquired by business combination (Note 25)	-	-	10,505	-	404	49	-	10,958
Conversion adjustment	-	( 1,969)	( 52,930)	( 1,150)	( 1,268)	( 2,185)	( 568)	( 60,070)
Balance on December 31, 2021	118,840	503,654	1,867,047	39,920	53,318	138,657	15,017	2,736,453
<u>Accumulated depreciation</u>								
Balance on January 1, 2021	-	184,849	1,401,885	21,814	12,312	85,509	-	1,706,369
Depreciation expenses	-	22,221	85,215	4,548	8,305	11,241	-	131,530
Disposals	-	( 6,535)	( 91,971)	( 1,523)	( 118)	( 6,450)	-	( 106,597)
Conversion adjustment	-	( 790)	( 48,469)	( 944)	( 502)	( 2,294)	-	( 52,999)
Balance on December 31, 2021	-	199,745	1,346,660	23,895	19,997	88,006	-	1,678,303
Net amount on December 31, 2021	<u>\$ 118,840</u>	<u>\$ 303,909</u>	<u>\$ 520,387</u>	<u>\$ 16,025</u>	<u>\$ 33,321</u>	<u>\$ 50,651</u>	<u>\$ 15,017</u>	<u>\$ 1,058,150</u>

According to the Group's assessment, there was no sign of impairment for property, plants, and equipment on December 31, 2022 and 2021.

The above items of property, plants, and equipment are depreciated on a straight-line basis over their estimated useful lives and detailed as follows:

Houses and Buildings	
Main buildings	10 to 35 years
Engineering system	2 to 8 years
Machinery and equipment	
Electromechanical power equipment	4 to 15 years
Repair project	2 to 5 years
Wealth generating equipment	
Computer equipment	3 to 10 years
Office furniture	3 to 5 years
Leasehold improvements	3 to 9 years
Other equipment	
R&D equipment	3 to 12 years
Transportation equipment	5 to 8 years
Miscellaneous equipment	3 to 12 years

Property, plants, and equipment pledged as collateral for bank borrowings are set out in Note 29.

13. Lease arrangements

a. Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts of right-of-use assets		
Land	\$ 72,512	\$ 71,085
Buildings	97,198	128,507
Office equipment	102	128
Transportation equipment	<u>7,801</u>	<u>12,466</u>
	<u>\$ 177,613</u>	<u>\$ 212,186</u>
	<u>2022</u>	<u>2021</u>
Addition to right-of-use assets	<u>\$ 10,770</u>	<u>\$ 60,976</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,657	\$ 2,568
Buildings	39,428	34,983
Office equipment	130	131
Transportation equipment	<u>7,996</u>	<u>7,417</u>
	<u>\$ 50,211</u>	<u>\$ 45,099</u>

Except for the additional and depreciation expenses, the right-of-use assets of the Group were not significantly subleased or impaired in 2022 and 2021.

b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Current	<u>\$ 43,830</u>	<u>\$ 42,520</u>
Non-current	<u>\$ 64,707</u>	<u>\$ 99,376</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31 2022</u>	<u>December 31, 2021</u>
Land	1.43%	1.60%
Buildings	1.60%	1.60%
Office equipment	1.35% ~ 1.60%	1.60%
Transportation equipment	0.43% ~ 1.60%	0.43% ~ 1.60%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of product manufacturing and office space with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.



d. Other lease information

	2022	2021
Expenses relating to low-value asset leases	\$ <u>-</u>	\$ <u>59</u>
Total cash outflow for leases	\$ <u>49,234</u>	\$ <u>44,174</u>

The Group has concluded to recognize an exemption of other equipment leases that qualify as low-value asset leases but they do not recognize right-of-use assets and lease liabilities for these leases.

14. Goodwill

	2022	2021
<u>Cost</u>		
Opening Balance	\$ 62,812	\$ 64,627
Net exchange difference	<u>6,874</u>	( <u>1,815</u> )
Closing Balance	<u>\$ 69,686</u>	<u>\$ 62,812</u>

In September 2021, the Group acquired the assets and operations of the printed circuit board business of Holders Technology Plc., and continued to run the business. According to the Group's assessment, the acquired business and the recognized amortized goodwill belong to the same cash-generating unit. Therefore, the assets acquired on the acquisition date were included in the cash-generating unit of the amortized goodwill from the acquisition date. Please refer to Note 25 for the information on business combinations.

The Group assesses the recoverable amount of goodwill at the end of the annual reporting period and uses the value in use as the basis for calculating the recoverable amount. The calculation of value in use at the end of 2022 and 2021 is based on projected cash flow of each cash-generating unit over the next 5 years and is calculated using discount rates of 17.60% and 14.90%, respectively, to reflect specific risks of the relevant cash-generating unit. Based on the assessment at the end of 2022 and 2021, the recoverable amounts of goodwill amounted to NT\$381,875 thousand and NT\$258,861 thousand, respectively, which were still higher than the related carrying amounts, so no impairment loss was recognized.

15. Intangible assets

	Computer software	Customer relationship	Total
<u>Cost</u>			
Balance on January 1, 2022	\$ 1,944	\$ 12,939	\$ 14,883
Net exchange difference	<u>87</u>	<u>416</u>	<u>503</u>
Balance on December 31, 2022	<u>2,031</u>	<u>13,355</u>	<u>15,386</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2022	1,917	647	2,564
Amortization expenses	22	2,581	2,603
Net exchange difference	<u>86</u>	<u>111</u>	<u>197</u>
Balance on December 31, 2022	<u>2,025</u>	<u>3,339</u>	<u>5,364</u>
Net Amount on December 31, 2022	<u>\$ 6</u>	<u>\$ 10,016</u>	<u>\$ 10,022</u>
<u>Cost</u>			
Balance on January 1, 2021	\$ 3,066	\$ -	\$ 3,066
Acquired by business combination (Note 25)	-	13,282	13,282
Disposals	( 892 )	-	( 892 )
Net exchange difference	( <u>230</u> )	( <u>343</u> )	( <u>573</u> )
Balance on December 31, 2021	<u>1,944</u>	<u>12,939</u>	<u>14,883</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2021	2,936	-	2,936
Amortization expenses	97	650	747
Disposals	( 892 )	-	( 892 )
Net exchange difference	( <u>224</u> )	( <u>3</u> )	( <u>227</u> )
Balance on December 31, 2021	<u>1,917</u>	<u>647</u>	<u>2,564</u>
Net amount on December 31, 2021	<u>\$ 27</u>	<u>\$ 12,292</u>	<u>\$ 12,319</u>

According to the Group's assessment, there was no sign of impairment for property, plants, and equipment on December 31, 2021 and 2022.

Amortization expenses are calculated on a straight-line basis over the following years in service:

Computer software	3 to 5 years
Customer relationship	5 years

16. Borrowings

a. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank loans	\$ -	\$ 319,265
Notes receivable financing	25,332	15,390
<u>Unsecured borrowings</u>		
Bank loans	<u>250,930</u>	<u>294,619</u>
	<u>\$ 276,262</u>	<u>\$ 629,274</u>

As of December 31, 2021 and December 31, 2022, the ranges of interest rates on short-term borrowings were 1.66% - 4.80% and 0.64% - 4.80%, respectively.

b. Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Taiwan Cooperative Bank</u>		
Secured borrowings: From 2019/07/31 to 2034/07/31, each month is considered 1 period, divided into 180 installments	\$ 104,578	\$ 112,751
Secured borrowings: From 2019/08/12 to 2024/08/12, each month is considered 1 period, divided into 60 installments	15,358	24,398
<u>Nissan Motor Acceptance Corporatic</u>		
Secured borrowings: From 2020/02/12 to 2025/01/12, each month is considered 1 period, divided into 59 installments	373	498
<u>Toyota Forklift</u>		
Secured borrowings: From 2021/02/05 to 2026/02/05, each month is considered 1 period, divided into 60 installments	<u>633</u> 120,942	<u>744</u> 138,391
Less: Borrowings due within 1 year	( <u>18,481</u> ) <u>\$ 102,461</u>	( <u>18,254</u> ) <u>\$ 120,137</u>

As of December 31, 2022 and December 31, 2021, the interest rate on long-term borrowings were 1.50% - 4.21% and 1.35% - 4.21% respectively.

Refer to Note 29 for details of borrowings secured by guarantee.

17. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables for salaries or bonuses	\$ 258,000	\$ 356,910
Payables for taxes	35,373	40,529
Payables for social security or provident funds	30,099	28,091
Payables for construction and equipment	18,724	31,436
OTHER MATTERS	<u>153,189</u>	<u>189,212</u>
	<u>\$ 495,385</u>	<u>\$ 646,178</u>

18. Post-retirement benefit plans

a. Defined contribution plans

VT TW of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages.

The employees of the Group's subsidiary in mainland China, United Kingdom, United States and Germany are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make specific contributions.

b. Defined benefit plans

The pension plan "Salary and Welfare Measures for Employees in Taiwan and Hong Kong", set by the Company of the Group, is a defined benefit plan. Pension benefits are calculated on the basis of the terms set out in the regulation and the average monthly salaries of the 6 months before retirement.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net defined benefit liabilities	<u>\$ 52,154</u>	<u>\$ 47,757</u>

Changes in net defined benefit liabilities were as follows:

	<u>2022</u>	<u>2021</u>
Opening Balance	<u>\$ 47,757</u>	<u>\$ 40,418</u>
Service cost		
Current service cost	4,784	4,471
Interest expense	<u>240</u>	<u>202</u>
Recognized in Profit or Loss	<u>5,024</u>	<u>4,673</u>
Remeasurement		
Actuarial loss - changes in financial assumptions	( 1,525 )	670
Actuarial loss - experience adjustments	<u>898</u>	<u>1,996</u>
Recognized in other comprehensive gains and losses	( <u>627</u> )	<u>2,666</u>
Closing Balance	<u>\$ 52,154</u>	<u>\$ 47,757</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<u>2022</u>	<u>2021</u>
General and administrative expenses	<u>\$ 5,024</u>	<u>\$ 4,673</u>

Through the pension system under “Salary and Welfare Measures for Employees in Taiwan and Hong Kong”, the Group is exposed to the following risks:

- 1) Interest risk: A decrease in the interest rate of government bond will increase the present value of the defined benefit obligation.
- 2) 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 salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rates	1.250%	0.500%
Expected rates of salary increase	2.250%	2.000%

If possible reasonable changes 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>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rates		
Increase by 0.25%	( \$ <u>723</u> )	( \$ <u>751</u> )
Decrease by 0.25%	<u>\$ 742</u>	<u>\$ 772</u>
Expected rates of salary increase		
Increase by 0.25%	<u>\$ 724</u>	<u>\$ 749</u>
Decrease by 0.25%	( <u>\$ 709</u> )	( <u>\$ 733</u> )

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Average duration of the defined benefit obligation	8.0 years	9.1 years

19. Equity

a. Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>90,000</u>	<u>90,000</u>
Shares authorized	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Number of shares issued and fully paid (in thousands)	<u>71,454</u>	<u>71,454</u>
Shares issued	<u>\$ 714,543</u>	<u>\$ 714,543</u>

The holders of issued ordinary shares with a par value of NT\$10 are entitled to the right to vote and to receive dividends.

b. Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 850,383	\$ 835,071
<u>May not be used for any purpose</u>		
Employee restricted stocks	<u>35,728</u>	<u>51,040</u>
	<u>\$ 886,111</u>	<u>\$ 886,111</u>

- 1) Unless otherwise provided under the Cayman laws, TWSE or TPEx Listed regulation or this Articles of Association, the statutory reserve shall not be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset are insufficient to offset such losses.
- 2) Being subjected to the laws, where the Company incurs no loss, it may, by a special resolution, distribute its Statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its members.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles of Incorporation, the Company is in the growing stage where the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, financial structure, funds requirements, and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company. Being subjected to the laws, applicable listing rules and the Articles, and otherwise provided by the rights attached to any shares, if the Company still has a surplus at the end of the fiscal year, it will pay all relevant taxes, offset any losses (including losses of previous years and adjusted undistributed profits), set aside the statutory reserves of the remaining profits (provided that setting aside the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total paid-in capital), and set aside any special reserve. The board may, by a resolution passed by a majority of the directors, of which two-thirds or more of the board are present, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of shares held by them. In addition, a report of such distribution shall be submitted to the general meeting, provided that, cash dividends shall not be lower than ten percent (10%) of the total amount of dividends to be paid out. The Company may resolve to distribute net profits or offset losses at the end of each half of the fiscal year. When the Company still has a net profit at the end of the first half of the fiscal year, the Company shall first estimate and reserve the amount of

compensation of employees, including the remuneration of directors, and then pay tax from the said profits. After offsetting losses (including losses as at the beginning of the first half of the fiscal year and any adjusted undistributed profits), the statutory reserve of the remaining profits will be set aside in accordance with the applicable listing rules (provided that the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total paid-in capital). Any other special reserve will also be set aside. The board may, subject to the compliance with the percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the special reserve) in addition to the accumulated undistributed profits at the beginning of the first half of the fiscal year (including adjusted undistributed profits). This may be in whole or in part as dividends/bonuses that are proportional to the number of shares held by them respectively pursuant to the Articles. In addition, a report of such distribution shall be submitted to the general meeting. Being subjected to the laws, the applicable listing rules and the Articles, the Company may distribute any part or all of the dividends or bonuses to the members in accordance with the preceding Articles. The Company may do so by applying the payment in full unissued shares for allocation and distribution to the members. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, please refer to compensation of employees and remuneration of directors in Note 21-(5).

Unless resolved by the general meeting of the Company, the dividends, bonuses, or other forms of distributions payable to the members shall be calculated in NTD.

The Company's earnings distribution proposals for 2021 and 2020 are as follows:

	2021	2020
Statutory reserve	<u>\$ 82,515</u>	<u>\$ 37,188</u>
Special reserve	<u>\$ 20,162</u>	<u>(\$ 72,016)</u>
Cash dividends	<u>\$ 471,599</u>	<u>\$ 228,654</u>
Cash dividends per share	\$ 6.60	\$ 3.20

The above cash dividends have been approved by the resolution of the board of directors on March 4, 2022 and May 7, 2021, respectively, and the remaining earnings distribution items for 2021 and 2020 have been approved by the resolution of the general shareholders' meeting on June 17, 2022 and July 30, 2021, respectively.

On March 14, 2023, the Company's 2022 earnings distribution proposals decided by Board of Directors of the Company are as follows:



	<u>2022</u>
Statutory reserve	<u>\$ 46,705</u>
Special reserve	<u>(\$ 29,272)</u>
Cash dividends	<u>\$ 257,165</u>
Cash dividends per share	\$ 3.60

The above-mentioned cash dividend has been distributed by resolution of the Board of Directors, and the remaining amount is subject to resolution of the ordinary meeting of Shareholders scheduled for June 16, 2023.

Due to the employee's resignation in February 2023, the Group withdrew 19 thousand of employee restricted new shares and cancelled by the resolution of the Board of Directors on March 14, 2023. The remaining number of shares issued after cancellation is 71,435 thousand. The cash dividend per share of the Company shall be calculated based on the number of shares outstanding after the above-mentioned changes.

d. Other equity

Unearned employee benefits

In the meeting, the shareholders approved a restricted share plan for employees (see Note 24).

	<u>2022</u>	<u>2021</u>
Opening Balance	(\$ 32,776)	(\$ 53,436)
Recognized share-based payment expenses	<u>18,258</u>	<u>20,660</u>
Closing Balance	(\$ 14,518)	(\$ 32,776)

20. Revenue

a. Revenue from contracts with customers

Please refer to Note 4 and Note 33 for information on contracts.

b. Contract balance

Please refer to Note 9 for information on notes receivables and trade receivables.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities (included in other current liabilities)	<u>\$ 7,157</u>	<u>\$ 3,227</u>	<u>\$ 2,205</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

21. Net profit from continuing operations

a. Other gains and losses

	<u>2022</u>	<u>2021</u>
Net gain (loss) on foreign currency exchange	\$ 25,191	(\$ 23,270)
Financial assets benefit mandatorily classified as at FVTPL		
(Loss) (Note 7)	558	( 3,388)
Net gain (loss) on disposal of property, plant and equipment	100	( 2,282)
OTHER MATTERS	( <u>6,480</u> )	( <u>5,520</u> )
	<u>\$ 19,369</u>	( <u>\$ 34,460</u> )

b. Interest expense

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 14,560	\$ 11,526
Interest on lease liabilities	<u>1,312</u>	<u>847</u>
	<u>\$ 15,872</u>	<u>\$ 12,373</u>

c. Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plants, and equipment	\$ 144,030	\$ 131,530
Right-of-use assets	50,211	45,099
Intangible assets	<u>2,603</u>	<u>747</u>
	<u>\$ 196,844</u>	<u>\$ 177,376</u>

An analysis of depreciation by  
function

Operating costs	\$ 116,930	\$ 109,897
Operating expenses	<u>77,311</u>	<u>66,732</u>
	<u>\$ 194,241</u>	<u>\$ 176,629</u>

An analysis of amortization by  
function

Sales and marketing expenses	\$ 2,603	\$ 688
General and administrative expenses	<u>-</u>	<u>59</u>
	<u>\$ 2,603</u>	<u>\$ 747</u>

d. Employee benefits expenses

	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 3,780	\$ 3,915
Defined benefit plans	<u>5,024</u>	<u>4,673</u>
	<u>8,804</u>	<u>8,588</u>
Share-based payments		
Equity-settled	<u>18,258</u>	<u>20,660</u>
Other employee benefits	<u>850,181</u>	<u>974,938</u>
Total employee benefits expense	<u>\$ 877,243</u>	<u>\$ 1,004,186</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 426,482	\$ 468,212
Operating expenses	<u>450,761</u>	<u>535,974</u>
	<u>\$ 877,243</u>	<u>\$ 1,004,186</u>

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 5-10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors and supervisors at the end of 2022 and 2021 resolved by the Company's board of directors on March 4, 2023 and March 12, 2022, respectively, are as follows:

Percentage for estimation

	2022	2021
Employee compensation	9.0%	10.0%
Directors' remuneration	2.0%	2.0%

Amount

	2022		2021	
	Cash (in NT\$ thousands)	Cash (in US\$ thousands)	Cash (in NT\$ thousands)	Cash (in US\$ thousands)
Employee compensation	\$ 47,546	\$ 1,588	\$ 94,005	\$ 3,355
Directors' remuneration	10,489	353	18,701	668

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of 2021 and 2020 employee compensation and directors' remuneration. The amounts were recognized in the consolidated financial statements in 2021 and 2020.

Information on the compensation of employees and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income tax

- a. Major components of income tax expense recognized as gains and losses are as follows:

	<u>2022</u>	<u>2021</u>
Current income tax		
In respect of the current year	\$ 92,420	\$ 143,381
Income tax on unappropriated earnings	6,653	2,866
Adjustments for prior years	( 32,288 )	( 18,822 )
	<u>66,785</u>	<u>127,425</u>
Deferred tax		
In respect of the current year	31,901	70,963
Adjustments for prior years	<u>2,076</u>	<u>22,102</u>
	<u>33,977</u>	<u>93,065</u>
Income tax expense recognized in profit or loss	<u>\$ 100,762</u>	<u>\$ 220,490</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>2022</u>	<u>2021</u>
Net income before tax	<u>\$ 567,189</u>	<u>\$ 1,048,302</u>
Income tax expense calculated at the statutory rate	\$ 91,245	\$ 166,959
Deferred tax effect of earnings of subsidiaries	31,303	73,543
Income tax on unappropriated earnings	6,653	2,866
Unrecognized loss carryforwards and deductible temporary differences	182	( 28,196 )
Adjustments for prior years' tax	( 30,212 )	3,280
OTHER MATTERS	<u>1,591</u>	<u>2,038</u>
Income tax expense recognized in profit or loss	<u>\$ 100,762</u>	<u>\$ 220,490</u>

The applicable tax rate used by the entity which applied corporate income tax in the Republic of China is 20%. The applicable tax rate used by subsidiaries in China is 25%; however, VT SZ has applied to the local tax bureau for the preferential income tax for "high-tech enterprises", with the applicable tax rate decreasing to 15%. Tax rates used by entities in the Group that operate in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax assets		
Tax refund receivables	<u>\$ -</u>	<u>\$ 3,648</u>
Current tax assets and liabilities		
Income tax payable	<u>\$ 46,040</u>	<u>\$ 39,396</u>

c. Deferred tax assets and liabilities  
2022

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Exchange Differences</u>	<u>OTHER MATTERS</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory					
valuation	\$ 4,660	\$ 1,718	\$ 187	\$ -	\$ 6,565
OTHER MATTERS	<u>12,501</u>	<u>( 2,267)</u>	<u>404</u>	<u>-</u>	<u>10,638</u>
	17,161	( 549)	591	-	17,203
Loss carryforwards	<u>13,469</u>	<u>( 3,431)</u>	<u>1,334</u>	<u>-</u>	<u>11,372</u>
	<u>\$ 30,630</u>	<u>(\$ 3,980)</u>	<u>\$ 1,925</u>	<u>\$ -</u>	<u>\$ 28,575</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unappropriated earnings of					
subsidiaries	\$ 144,168	\$ 31,303	\$ 14,387	(\$ 65,228)	\$ 124,630
OTHER MATTERS	<u>8,254</u>	<u>( 1,306)</u>	<u>463</u>	<u>-</u>	<u>7,411</u>
	<u>\$ 152,422</u>	<u>\$ 29,997</u>	<u>\$ 14,850</u>	<u>(\$ 65,228)</u>	<u>\$ 132,041</u>

2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Exchange Differences</u>	<u>OTHER MATTERS</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory					
valuation	\$ 4,418	\$ 300	(\$ 58)	\$ -	\$ 4,660
OTHER MATTERS	<u>8,963</u>	<u>3,781</u>	<u>( 243)</u>	<u>-</u>	<u>12,501</u>
	13,381	4,081	( 301)	-	17,161
Loss carryforwards	<u>37,178</u>	<u>( 22,952)</u>	<u>( 757)</u>	<u>-</u>	<u>13,469</u>
	<u>\$ 50,559</u>	<u>(\$ 18,871)</u>	<u>(\$ 1,058)</u>	<u>\$ -</u>	<u>\$ 30,630</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unappropriated earnings of					
subsidiaries	\$ 103,888	\$ 73,543	(\$ 3,469)	(\$ 29,794)	\$ 144,168
OTHER MATTERS	<u>7,873</u>	<u>651</u>	<u>( 270)</u>	<u>-</u>	<u>8,254</u>
	<u>\$ 111,761</u>	<u>\$ 74,194</u>	<u>(\$ 3,739)</u>	<u>(\$ 29,794)</u>	<u>\$ 152,422</u>

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were NT\$81,987 thousand and NT\$50,949 thousand as of December 31, 2022 and 2021, respectively.

- e. Income tax assessments

The income tax returns filed by the Company until 2020 have been approved by the tax authorities.

23. Earnings per share

	2022	Unit: NT\$ per share 2021
Basic earnings per share	<u>\$ 6.60</u>	<u>\$ 11.72</u>
Diluted earnings per share	<u>\$ 6.47</u>	<u>\$ 11.51</u>

The earnings and weighted average of ordinary shares used to estimate earnings per share were as follows:

Net Profit for the Year

	2022	2021
Net Profit for the Year	<u>\$ 466,427</u>	<u>\$ 827,812</u>

Number of shares

	2022	Unit: Thousands 2021
The weighted average of ordinary shares was used in to estimate basic earnings per share	70,720	70,654
Effect of potentially dilutive ordinary shares:		
Employee restricted shares	564	530
Employee compensation	<u>770</u>	<u>753</u>
The weighted average of ordinary shares was used to estimate diluted earnings per share	<u>72,054</u>	<u>71,937</u>

If the Group offers to settle compensation payment to employees in cash or shares, the Group will assume the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average of outstanding shares used to estimate diluted earnings per share, as the effect is dilutive. Such dilutive effect of potential shares is included in the estimation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. Share-based payment arrangements

Employee restricted shares

In the shareholders' meeting on June 11, 2020, the shareholders approved a restricted share plan for employees with a total amount of 800 thousand stocks and issued all of these shares on September 23, 2020.

The restrictions on the rights of the employees who acquire the restricted shares issued by the Company in September 2020 are those that have not met the vesting conditions, which include restrictions to sell, pledge, transfer, donate or, in any other way, dispose of these shares. However, the shares are entitled to allotment, dividends, and share options of increased share capital.

If an employee fails to meet the vesting conditions, the Company will take back and cancel the employee's restricted shares.

Information about employee restricted shares is as follows:

	2022	2021
Employee restricted shares	Shares (in thousands)	Shares (in thousands)
Outstanding at the beginning of the year	800	800
Current acquisition	( 240 )	-
Outstanding at the end of the year	<u>560</u>	<u>800</u>

Information about the Company's employee restricted shares is as follows:

Grant date	Fair Value Per Share at Vesting Date (In NT\$)	Number of Payments (In Thousands)	Vesting period
2020.09.23	73.8	800	2 to 4 years

The recognized compensation costs for 2022 and 2021 are NT\$ 18,258 thousand and NT\$ 20,660 thousand respectively.

25. Business combination

The Group signed a procurement agreement with Holders Technology Plc. on the acquisition date of September 30, 2021 to acquire the assets and operations of the printed circuit board business with which business continued to run.

a. Transfer consideration

	<u>September 30, 2021</u>
Cash	<u>\$ 61,454</u>

b. Assets acquired on the acquisition date

September 30, 2021

Current assets

Inventories \$ 37,214

Non-current Assets

Property, plants, and  
equipment 10,958

Intangible assets 13,282

\$ 61,454

c. The effect of business combinations on the operating performance

The operating performance of the printed circuit board business acquired from the beginning of the fiscal year to the acquisition date could not be obtained, and therefore acquisition date, the pro forma information for the 2021 is not disclosed.

26. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

27. Financial instruments

a. Fair value of financial instruments not measured at fair value

The management team of the Group believes that the carrying amounts of financial assets and liabilities which are not measured by fair value are close to fair value or cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis  
(December 31, 2022: None)

1) Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Structured time deposits	\$ -	\$ 65,123	\$ -	\$ 65,123

There were no transfers between Level 1 and 2 fair value measurement in 2022 and 2021.



2) Valuation techniques and inputs for Level 2 fair value measurements

<u>Financial Instrument</u>	<u>Valuation Techniques and Inputs</u>
Structured time deposits	Discounted cash flow: Future cash flows are estimated at an observable interest rate at the end of the period and discounted at market interest rates.

c. Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Mandatory FVTPL	\$ -	\$ 65,123
Financial assets at amortized costs (1)	2,711,367	3,225,136
<u>Financial liabilities</u>		
Financial liabilities at amortized costs (2)	1,247,888	2,341,543

Note 1. The balances include financial assets at amortized costs, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, financial assets at amortized costs, and refundable deposits.

Note 2. The balances include financial liabilities at amortized costs, which consist of short-term loans, trade payables, other payables, long-term loans (including due within one year), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's corporate department provides services for each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks related to the operations of the Group through internal risk reports by analyzing exposures according to the degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies which are approved by the board of directors who provide written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the board of directors on a continuous basis. The Group did not engage in nor trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange derivatives.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 1% appreciation/depreciation of the functional currency against U.S. dollars, the Group's net income before tax for the year 2022 and 2021 would have decreased/increased by NT\$10,599 thousand and NT\$7,245 thousand, respectively.

In the management team's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk, because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
— Financial assets	\$ 557,635	\$ 217,076
— Financial liabilities	360,473	737,022
Cash flow interest rate risk		
— Financial assets	682,221	520,171
— Financial liabilities	145,268	172,539

Sensitivity analysis of interest rates

The sensitivity analysis of interest rate was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate financial assets and liabilities, the analysis was conducted with the assumption that the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when internally reporting interest rate risk to key management personnel. This represents the management team's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 points higher and all other variables were held constant, the Group's net income before tax for the year 2022 and 2021 would have increased by NT\$1,342 thousand and NT\$869 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Through the end of the reporting period, the Group's maximum exposure to credit risk, which would have caused a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group also checks between the transaction amount and credit limit periodically and adjusts the limit in time to control credit risk.

The counterparties of the Group's trade receivables included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and the Group's credit risk was limited. At the end of the reporting period, the Group's largest exposure on credit risk approximates the carrying amounts of its financial assets.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and financing facilities deemed adequate to finance the Group's operations whilst mitigating the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and December 31, 2021, the Group had available unutilized short-term bank loan facilities set out in (2) below.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	On demand or less than 1 year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 858,715	\$ 5,916	\$ 4,053
Lease liabilities	44,786	65,611	-
Variable interest rate assets	43,459	40,128	61,681
Fixed interest rate assets	<u>251,284</u>	<u>652</u>	<u>-</u>
	<u>\$ 1,198,244</u>	<u>\$ 112,307</u>	<u>\$ 65,734</u>

December 31, 2021

	On demand or less than 1 year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,577,328	\$ 5,192	\$ 3,901
Lease liabilities	46,142	101,017	-
Variable interest rate assets	53,325	49,294	69,920
Fixed interest rate assets	<u>594,203</u>	<u>923</u>	<u>-</u>
	<u>\$ 2,270,998</u>	<u>\$ 156,426</u>	<u>\$ 73,821</u>

## b) Financing facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loan facilities		
-Amount undrawn	<u>\$ 1,365,786</u>	<u>\$ 764,402</u>

## e. Transfers of financial assets

Factored trade receivables for the Group were as follows (Year of 2022: None):  
2021

Subsidiary	Counterparties	Receivables factored	Amounts collected	Conversion adjustment	Advances received at the end of this period	Annual Interest Rates on Amount Advanced	Credit line
VT DE	Targo Factoring USD	\$ 7,619	\$ 13,475	( \$ 183 )	\$ -	-	\$ -
VT DE	Targo Factoring EUR	<u>61,710</u>	<u>65,377</u>	<u>114</u>	<u>-</u>	-	-
		<u>\$ 69,329</u>	<u>\$ 78,852</u>	<u>( \$ 69 )</u>	<u>\$ -</u>		

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides the information disclosed elsewhere in other notes, details on transactions between the Group and other related parties are disclosed below.

a. Name of Related Party Relations and it's Relationship

<u>Name of Related Party</u>	<u>Relationship between the Group</u>
Jiahai International Enterprise Co., Ltd	Same as the Chairman

b. Operating costs

<u>Account Item</u>	<u>Relations Category</u>	<u>2022</u>	<u>2021</u>
Commission expenditure	Same as the Chairman	<u>\$ 94</u>	<u>\$ -</u>

c. Operating expenses

<u>Account Item</u>	<u>Relations Category</u>	<u>2022</u>	<u>2021</u>
Commission expenditure	Same as the Chairman	<u>\$ 182</u>	<u>\$ -</u>

d. Other payables

<u>Relations Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Same as the Chairman	<u>\$ 281</u>	<u>\$ -</u>

e. Remuneration of key management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 48,769	\$ 80,580
Post-employment benefits	1,812	1,568
Share-based payments	<u>2,779</u>	<u>3,125</u>
	<u>\$ 53,360</u>	<u>\$ 85,273</u>

The remuneration of directors and key executives of the Company was determined based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are provided as collateral for bank borrowings:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 25,332	\$ 15,390
Restricted bank deposits	30,948	28,691
Property, plants, and equipment - net	<u>216,997</u>	<u>220,809</u>
	<u>\$ 273,277</u>	<u>\$ 264,890</u>

30. SIGNIFICANT OR CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022 and December 31, 2021, the Group's unused letters of credit amounted to NT\$15,030 thousand and NT\$96,652 thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of the entities in the Group are aggregated and expressed in foreign currencies other than functional currencies. The related exchange rates between foreign currencies and respective functional currencies were disclosed as follows:

December 31, 2022

Foreign currency	Foreign currencies (in thousands)	Exchange rate	Carrying Amount
assets			
<u>Monetary items</u>			
USD	\$ 11,914	6.965 (USD: RMB)	\$ 365,882
USD	32,185	7.798 (USD: HKD)	988,405
USD	5,238	30.710 (USD: NTD)	160,857
EUR	4,253	8.309 (EUR: HKD)	<u>139,167</u>
			<u>\$ 1,654,311</u>
liabilities			
<u>Monetary items</u>			
USD	1,497	6.965 (USD: RMB)	\$ 45,972
USD	11,258	7.798 (USD: HKD)	345,722
USD	2,070	30.710 (USD: NTD)	63,580
EUR	4,302	8.309 (EUR: HKD)	140,765
RMB	51,625	1.120 (RMB: HKD)	<u>227,631</u>
			<u>\$ 823,670</u>

December 31, 2021

	Foreign currencies (in thousands)	Exchange rate	Carrying Amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 6,390	6.376 (USD: RMB)	\$ 176,888
USD	57,235	7.799 (USD: HKD)	1,584,269
USD	3,715	27.680 (USD: NTD)	<u>102,820</u>
			<u>\$ 1,863,977</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	7,607	6.376 (USD: RMB)	\$ 210,549
USD	31,507	7.799 (USD: HKD)	872,114
USD	2,052	27.680 (USD: NTD)	<u>56,804</u>
			<u>\$ 1,139,467</u>

As of 2022 and 2021, net loss on foreign exchange was NT\$25,191 thousand and net gain on foreign exchange was NT\$23,270 thousand. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 32. SEPARATELY DISCLOSED ITEMS

a. Significant transactions and b. Reinvestment business related information:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held at the end of the period. (None)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisitions of individual real estate at costs were of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals of individual real estate at prices were of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounted to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounted to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (None)



- 10) OTHER MATTERS: Intercompany relationships and significant intercompany transactions between the parent and subsidiary companies and between subsidiaries and the amount. (Table 7)
- 11) Information on investees. (Table 5)
- c. Information on Investments in Mainland China:
- 1) Information on any investee company in mainland China, displayed name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limits on the amount of investment in mainland China. (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, as well as their prices, payment terms, and unrealized gains or losses: (Tables 2, 3, 4, and 7):
    - a) The amount and percentage of purchases as well as the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales as well as the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements, guarantees, or pledges of collateral at the end of the period and their purposes.
    - e) The highest balance, balance at the end of period, the interest rate range, and the interest in the total current period with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information on major shareholders: List all shareholders with ownership of 5% or greater displaying the shareholder's name, the number of shares owned, and percentage of ownership of each shareholder. (Table 8)

### 33. SEGMENT INFORMATION

The Group mainly engages in the production and sales of CCL, IMS, and prepreg. The chief operating decision maker uses company-wide financial information to allocate resources and measure performance. In accordance with the requirements of IFRS 8 “Operating Segments”, the Group provides information to the chief operating decision maker to allocate resources and assess the performance of the segments by focusing on the location of operations. The reportable segments should include “Asia” and “Europe and America”.

#### c. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments:

	2022			
	Asia	Europe and America	Elimination of inter-segment revenue	Total
Revenue from external customers	\$ 4,265,285	\$ 1,347,540	\$ -	\$ 5,612,825
Inter-segment revenue	<u>2,505,994</u>	<u>18,036</u>	( <u>2,524,030</u> )	<u>-</u>
Consolidated revenue	<u>\$ 6,771,279</u>	<u>\$ 1,365,576</u>	( <u>\$ 2,524,030</u> )	<u>\$ 5,612,825</u>
Segment income	<u>\$ 487,778</u>	<u>\$ 41,307</u>	<u>\$ -</u>	\$ 529,085
Interest income				17,050
Other income				17,557
Other gains and losses				19,369
Interest expense				( <u>15,872</u> )
Net income before tax				<u>\$ 567,189</u>

	2021			
	Asia	Europe and America	Elimination of inter-segment revenue	Total
Revenue from external customers	\$ 6,316,675	\$ 1,350,544	\$ -	\$ 7,667,219
Inter-segment revenue	<u>4,886,893</u>	<u>29,244</u>	( <u>4,916,137</u> )	<u>-</u>
Consolidated revenue	<u>\$ 11,203,568</u>	<u>\$ 1,379,788</u>	( <u>\$ 4,916,137</u> )	<u>\$ 7,667,219</u>
Segment income	<u>\$ 996,767</u>	<u>\$ 79,699</u>	<u>\$ -</u>	\$ 1,076,466
Interest income				1,967
Other income				16,702
Other gains and losses				( 34,460 )
Interest expense				( <u>12,373</u> )
Net income before tax				<u>\$ 1,048,302</u>

Segment income represents the profit before tax earned by each segment without interest income, other income, other gains and losses, and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

However, the measure of segment assets and liabilities was not provided to the chief operating decision maker. The financial information of each segment also didn't include the measure of the related operating segment assets and liabilities.

d. Product information

The Group mainly engages in the production and sale of CCL, IMS and prepreg, which are all belong to one single product category. As a result, there is no need to disclose product information.

e. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current assets	
	2022	2021	December 31,	December 31,
			2022	2021
China	\$ 3,772,096	\$ 5,779,010	\$ 812,031	\$ 883,105
UK	288,376	362,406	32,713	37,741
USA	416,488	405,133	27,846	36,543
Germany	642,676	583,304	60,609	74,776
Taiwan	<u>493,189</u>	<u>537,366</u>	<u>271,263</u>	<u>266,753</u>
	<u>\$ 5,612,825</u>	<u>\$ 7,667,219</u>	<u>\$ 1,204,462</u>	<u>\$ 1,298,918</u>

Non-current assets exclude financial instruments and deferred tax assets.

f. Information about major customers

There was no single customer contributing 10% or more to the Group's revenue in 2022 and 2021.

Ventec International Group Co., Ltd.  
Ventec International Group Co., Ltd. and Subsidiaries  
Financing Provided to Others  
For the year ended 2022

Table 1

Unit: In NT\$ thousands, unless stated otherwise

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount (Note 4)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debts	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
2	VT HK	VIG SAMOA	Other receivables	Yes	\$ 1,535,500 ( USD 50,000 )	\$ 429,940 ( USD 14,000 )	\$ 405,771 ( USD 13,213 )	-	2	\$ -	Operating capital needed	\$ -	(None)	\$ -	\$ 4,237,939 ( USD 138,000 )	\$ 8,475,878 ( USD 276,000 )	
2	VT HK	VLL	Other receivables	Yes	307,100 ( USD 10,000 )	61,420 ( USD 2,000 )	56,537 ( USD 1,841 )	-	2	-	Operating capital needed	-	(None)	-	\$ 4,237,939 ( USD 138,000 )	\$ 8,475,878 ( USD 276,000 )	
2	VT HK	VT UK	Other receivables	Yes	214,970 ( USD 7,000 )	214,970 ( USD 7,000 )	48,000 ( USD 1,563 )	1.67%	2	-	Operating capital needed	-	(None)	-	\$ 4,237,939 ( USD 138,000 )	\$ 8,475,878 ( USD 276,000 )	
2	VT HK	VT USA	Other receivables	Yes	122,840 ( USD 4,000 )	122,840 ( USD 4,000 )	- ( USD - )	-	2	-	Operating capital needed	-	(None)	-	\$ 4,237,939 ( USD 138,000 )	\$ 8,475,878 ( USD 276,000 )	
2	VT HK	VT DE	Other receivables	Yes	122,840 ( USD 4,000 )	122,840 ( USD 4,000 )	86,080 ( USD 2,803 )	2.28%	2	-	Operating capital needed	-	(None)	-	\$ 4,237,939 ( USD 138,000 )	\$ 8,475,878 ( USD 276,000 )	

Note 1. The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2. Types of financing were as follows:

1. Business and trade: 1
2. Short-term financing: 2

Note 3. The limitations of financing amounts were as follows:

1. Financing received from the Company cannot exceed 50% of the Company’s net asset value.
2. The financing limits where the Company directly and indirectly holds voting right shares of subsidiaries at 100% are as follows: The total and individual financing amount cannot exceed 20 times and 10 times of the Company’s net asset value, respectively. The calculation of net asset value was based on lender’s net asset value as of December 31, 2022.

Note 4. The calculation was based on the spot exchange rate of USD to NTD on December 31, 2022.

Note 5. All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.  
Ventec International Group Co., Ltd. and Subsidiaries  
Endorsements/Guarantees Provided  
For the year ended 2022

Table 2

Unit: In NT\$ thousands, unless stated otherwise

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by the Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Company Name	Relationship											
0	VIG CAYMAN	VT HK	Subsidiaries:	\$ 6,187,120 ( USD 201,472 )	\$ 690,975 ( USD 22,500 )	\$ 598,845 ( USD 19,500 )	\$ 150,786 ( USD 4,910 )	\$ -	19.36%	\$ 12,374,240 ( USD 402,944 )	Y	N	N	
0	VIG CAYMAN	VT TW	Subsidiaries:	6,187,120 ( USD 201,472 )	968,163 ( USD 31,526 )	920,655 ( USD 29,979 )	166,080 ( USD 5,408 )	-	29.76%	12,374,240 ( USD 402,944 )	Y	N	N	
0	VIG CAYMAN	VT SZ	Subsidiaries:	6,187,120 ( USD 201,472 )	153,550 ( USD 5,000 )	61,420 ( USD 2,000 )	-	-	1.99%	12,374,240 ( USD 402,944 )	Y	N	Y	
1	VIG HK	VT UK	Fellow subsidiary	253,710 ( USD 8,262 )	17,290 ( USD 563 )	8,752 ( USD 285 )	-	-	0.34%	507,420 ( USD 16,523 )	N	N	N	
2	VT TW	VT HK	Fellow subsidiary	2,171,845 ( USD 70,720 )	460,650 ( USD 15,000 )	460,650 ( USD 15,000 )	-	-	106.05%	2,606,214 ( USD 84,864 )	N	N	N	

Note 1. The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2. The limits of endorsements/guarantees amounts were as follows (the calculation of net asset value was based on the endorser’s or guarantor’s net asset value on December 31, 2022):

1. For VIG CAYMAN, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 400% and 200% of the Company’s net asset value, respectively.
2. For VIG HK, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 20% and 10% of the Company’s net asset value, respectively.
3. For VT TW, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 600% and 500% of the Company’s net asset value, respectively.

Note 3. The calculation was based on the spot exchange rate of USD to NTD on December 31, 2022.

Note 4. Endorsement/guarantee given by parent which is listed company on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent which is listed company and endorsement/guarantee given on behalf of companies in mainland China: Y.

Ventec International Group Co., Ltd.  
(Ventec International Group Co., Ltd.) and Subsidiaries  
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
From January 1, 2022 to December 31, 2022

Table 3

Unit: In NT\$ thousands, unless stated otherwise

Buyer/Seller	Name of Counterparties	Relationship	Transaction Details				Circumstances and Reasons for the Differences of the Trading Terms from the General Ones		Notes/Accounts Receivables (Payables)		Note
			Purchase/Sale	Amount (Note 1)	Ratio of the Total Purchase/Sale (%)	Payment Terms	Unit Price	Payment Terms	Balance (Note 2)	% of Total	
VT HK	VT SZ	The same ultimate parent	Sales	( \$ 217,798 ) ( USD 7,514 )	22%	150 days after the end of each month	No significant difference	No significant difference	\$ 7,439 ( USD 242 )	2%	
VT HK	VT SZ	The same ultimate parent	Purchase	1,353,506 ( USD 45,998 )	86%	150 days after the end of each month	No significant difference	No significant difference	( 467,783 ) ( USD 15,232 )	96%	
VT HK	VT TW	The same ultimate parent	Sales	( 208,816 ) ( USD 6,960 )	12%	150 days after the end of each month	No significant difference	No significant difference	55,984 ( USD 1,823 )	14%	
VT HK	VT DE	The same ultimate parent	Sales	( 188,612 ) ( USD 6,437 )	12%	150 days after the end of each month	No significant difference	No significant difference	52,619 ( USD 1,713 )	13%	
VT HK	VT UK	The same ultimate parent	Sales	( 160,091 ) ( USD 5,455 )	11%	150 days after the end of each month	No significant difference	No significant difference	31,962 ( USD 1,041 )	8%	
VT SZ	VT HK	The same ultimate parent	Sales	( 1,353,506 ) ( USD 45,998 )	31%	150 days after the end of each month	No significant difference	No significant difference	467,783 ( USD 15,232 )	35%	
VT SZ	VT HK	The same ultimate parent	Purchase	217,798 ( USD 7,514 )	86%	150 days after the end of each month	No significant difference	No significant difference	( 7,439 ) ( USD 242 )	1%	
VT SZ	VT JY	The same ultimate parent	Purchase	149,717 ( USD 5,031 )	6%	150 days after the end of each month	No significant difference	No significant difference	( 45,564 ) ( USD 1,484 )	8%	
VT JY	VT SZ	The same ultimate parent	Sales	( 149,717 ) ( USD 5,031 )	97%	150 days after the end of each month	No significant difference	No significant difference	45,564 ( USD 1,484 )	100%	
VT TW	VT USA	The same ultimate parent	Sales	( 119,764 ) ( USD 4,032 )	19%	150 days after the end of each month	No significant difference	No significant difference	92,194 ( USD 3,002 )	35%	
VT TW	VT HK	The same ultimate parent	Purchase	208,816 ( USD 6,960 )	72%	150 days after the end of each month	No significant difference	No significant difference	( 55,984 ) ( USD 1,823 )	54%	
VT DE	VT HK	The same ultimate parent	Purchase	188,612 ( USD 6,437 )	98%	150 days after the end of each month	No significant difference	No significant difference	( 52,619 ) ( USD 1,713 )	77%	
VT UK	VT HK	The same ultimate parent	Purchase	160,091 ( USD 5,455 )	98%	150 days after the end of each month	No significant difference	No significant difference	( 31,962 ) ( USD 1,041 )	72%	
VT USA	VT TW	The same ultimate parent	Purchase	119,764 ( USD 4,032 )	55%	150 days after the end of each month	No significant difference	No significant difference	( 92,194 ) ( USD 3,002 )	5%	

Note 1. The calculation was based on the average exchange rate of USD to NTD in 2022.

Note 2. The calculation was based on the spot exchange rate of USD to NTD as of December 31, 2022.

Note 3. All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.  
(Ventec International Group Co., Ltd.) and Subsidiaries  
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
December 31, 2022

Table 4

Unit: In NT\$ thousands, unless stated otherwise

Company with accounts receivable	Name of Counterparties	Relationship	Financial Statement Account and Ending Balance (Note 2)	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period (Notes 1 and 2)	Provision for loss amounts
					Amount (Note 2)	Actions Taken		
VT SZ	VT HK	The same ultimate parent	\$ 467,783 (USD 15,232)		\$ 96,920 (USD 3,156)	Enhanced collection of overdue receivables	\$ 51,070 (USD 1,663)	\$ -

Note 1. Subsequent period as of February 28, 2023.

Note 2. The calculation was based on the spot exchange rate of USD to NTD as of December 31, 2022.

Note 3. All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.  
Ventec International Group Co., Ltd. and Subsidiaries  
Information on Investees  
For the year ended 2022

Table 5

Unit: In NT\$ thousands, unless stated otherwise

Investor	Investee	Location	Business Content	Initial Investment Amount		Holdings at the End of the Period			Net Income (Loss) of Investee (Note 2)	Investment Income (Loss) for This Period (Notes 2 and 3)	Note
				End of this period (Note 1)	End of last year (Note 1)	Number of shares	%	Amount (Note 1)			
VIG CAYMAN	VIG SAMOA	SAMOA	General investment	\$ 1,431,072 ( USD 46,600 )	\$ 1,431,072 ( USD 46,600 )	46,600,000	100%	\$ 3,199,021 ( USD 104,170 )	\$ 560,726 ( USD 18,871 )	\$ 560,726 ( USD 18,871 )	Subsidiary
VIG SAMOA	VIG HK	HK	General investment	955,111 ( USD 31,101 )	955,111 ( USD 31,101 )	31,110,000	100%	2,537,102 ( USD 82,616 )	416,042 ( USD 14,035 )	416,042 ( USD 14,035 )	Subsidiary
	VLL	British Virgin Islands	General investment	246,008 ( USD 8,011 )	246,008 ( USD 8,011 )	8,010,000	100%	33,391 ( USD 1,087 )	( 2,894 ) ( USD -98 )	( 2,894 ) ( USD -98 )	Subsidiary
	VT HK	HK	International trade	73,743 ( USD 2,401 )	73,743 ( USD 2,401 )	10,000	100%	423,793 ( HKD 107,617 )	74,544 ( HKD 19,627 )	74,544 ( HKD 19,627 )	Subsidiary
	VT TW	Taiwan	Manufacturing and sales of CCL, IMS, and prepreg	350,358 ( USD 11,409 )	350,358 ( USD 11,409 )	10,000,000	100%	434,369	48,614	48,614	Subsidiary
	VT UK	UK	Sale of CCL, IMS, and prepreg	40,687 ( USD 1,325 )	40,687 ( USD 1,325 )	807,334	100%	82,961 ( GBP 2,237 )	5,440 ( GBP 148 )	5,440 ( GBP 148 )	Subsidiary
	VT DE	Germany	Sale of CCL, IMS, and prepreg	212,000 ( USD 6,903 )	212,000 ( USD 6,903 )	400,000	100%	89,772 ( EUR 2,744 )	143 ( EUR 4 )	143 ( EUR 4 )	Subsidiary
	VT USA	USA	Sale of CCL, IMS, and prepreg	228,013 ( USD 7,425 )	228,013 ( USD 7,425 )	-	100%	89,918 ( USD 2,928 )	( 2,894 ) ( USD -98 )	( 2,894 ) ( USD -98 )	Subsidiary

Note 1: The calculation was based on the spot exchange rate of each foreign currency to NTD on December 31, 2022.

Note 2: The calculation was based on the average exchange rate of each foreign currency to NTD in 2022.

Note 3: All inter company transactions have been eliminated on consolidation.

Note 4: Please refer to Table 6 for information on investees in mainland China.



Ventec International Group Co., Ltd.  
(Ventec International Group Co., Ltd.) and Subsidiaries  
Information on Investments in Mainland China  
From January 1, 2022 to December 31, 2022

Table 6

Unit: In NT\$ thousands, unless stated otherwise

Mainland China Investee Company	Business Content	Paid-in Capital (Notes 1 and 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan from the Beginning of This Period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan from the End of This Period	Net Income (Loss) of Investee (Note 2)	Ownership of Direct or Indirect Investment (%)	Investment Income (Loss) for This Period (Notes 2 and 4)	Carrying Amount of Investments from the End of This Period (Notes 3 and 4)	Accumulated Repatriation of Investment Income from the End of This Period
					Outward Remittance	Inward Remittance						
VT SZ	Research and development, manufacturing, and sales of CCL, IMS, and prepreg	\$ 1,298,417 ( USD 36,600 ) ( RMB 294,466 )	Indirect investment	\$ -	\$ -	\$ -	\$ -	\$ 443,645 ( RMB 100,045 )	100%	\$ 443,645 ( RMB 100,045 )	\$ 2,544,727 ( RMB 577,115 )	\$ -
VT JY	Manufacturing and sales of CCL, IMS, and prepreg	125,907 ( USD 3,000 ) ( RMB 28,554 )	Indirect investment	-	-	-	-	3,506 ( RMB 766 )	100%	3,506 ( RMB 766 )	117,005 ( RMB 26,536 )	-
VT SZWT	Manufacture and sell of CCL, and sell of IMS and prepreg	82,897 ( RMB 18,800 )	Indirect investment	-	-	-	-	8,137 ( RMB 1,854 )	100%	8,137 ( RMB 1,854 )	( 786 ) ( RMB 178 )	-

Accumulated Outward Remittance for Investment in Mainland China from the End of This Period	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of the Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

- Note 1. It is calculated based on historical cost.
- Note 2. The calculation was based on the average exchange rate of each foreign currency for the year ended December 31, 2020.
- Note 3. The calculation was based on the spot exchange rate of each foreign currency to NTD on December 31, 2022.
- Note 4. All intercompany transactions have been eliminated upon consolidation.

Ventec International Group Co., Ltd.  
(Ventec International Group Co., Ltd.) and Subsidiaries  
Inter-company Relationships and Significant Inter-company Transactions and Amounts  
From January 1, 2022 to December 31, 2022

Table 7

Unit: In NT\$ thousands, unless stated otherwise

No. (Note 1)	Trader Company	Counterparty	Relationship with the Trader (Note 2)	Transactions Details				
				Subject	Amount	Amount (USD)	Transaction Terms	% of Total Sales or Assets
1	VT HK	VT DE	3	Trade receivables	\$ 52,619	\$ 1,713	No major difference	1%
1	VT HK	VT TW	3	Trade receivables	55,984	1,823	No major difference	1%
1	VT HK	VT SZ	3	Trade payables	467,783	15,232	No major difference	9%
1	VT HK	VT US	3	Trade receivables	83,794	2,729	No major difference	2%
1	VT HK	VT UK	3	Trade receivables	31,962	1,041	No major difference	1%
1	VT HK	VT UK	3	Other receivables	48,084	1,566	No major difference	1%
1	VT HK	VLL	2	Other receivables	56,537	1,841	No major difference	1%
1	VT HK	VIG SAMOA	3	Other receivables	405,771	13,213	No major difference	8%
1	VT HK	VT DE	3	Other receivables	86,549	2,818	No major difference	2%
1	VT HK	VT US	3	Other payables	52,008	1,694	No major difference	1%
1	VT HK	VT DE	3	Sales	188,612	6,437	No major difference	3%
1	VT HK	VT UK	3	Sales	160,091	5,455	No major difference	3%
1	VT HK	VT TW	3	Sales	208,816	6,960	No major difference	4%
1	VT HK	VT SZ	3	Sales	217,798	7,514	No major difference	4%
1	VT HK	VT SZ	3	Purchase	1,353,506	45,998	No major difference	24%
1	VT HK	VT US	3	Sales	94,054	3,220	No major difference	2%
2	VT SZ	VT JY	3	Trade payables	45,564	1,484	No major difference	1%
2	VT SZ	VT JY	3	Purchase	149,717	5,031	No major difference	3%
3	VT TW	VT US	3	Trade receivables	92,194	3,002	No major difference	2%
3	VT TW	VT US	3	Sales	119,764	4,032	No major difference	2%

Note 1. The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2. No. 1 represents the transactions from the parent company to the subsidiary. No. 2 represents the transactions from the subsidiary to the parent company. No. 3 represents the transactions between subsidiaries.

Note 3. All intercompany transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.  
(Ventec International Group Co., Ltd.) and Subsidiaries

Information on major shareholders

December 31, 2022

Table 8

Name of major shareholder	Shares	
	Number of shares held	Percentage of ownership (%)
Top Master Limited	4,713,307	6.59%
Alpha Victor Limited	4,090,908	5.72%

Note 1. The information on major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation, which is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater and that have been issued without physical registration (including treasury shares) by the Company as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2. If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Ventec International Group Co., Ltd.

Chairman :Top Master Limited

Representative: Lao, Kai- Lu

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