

Tai-Tech Advanced Electronics Co., Ltd. and
Subsidiaries
Consolidated Financial Statements and Independent
Auditors' Report
2023 and 2022
(Stock Code: 3357)

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Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
2023 and 2022 Consolidated Financial Statements and Auditors' Report
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Tai-Tech Advanced Electronics Co., Ltd.
Consolidated Financial Statements of Affiliated Enterprises

In 2023 (from January 1 to December 31, 2023), the related entities that are required to be included in the preparation of the Consolidated Financial Statements of the Company, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 “Consolidated Financial Statements.” In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

Represented by

Company name: Tai-Tech Advanced Electronics Co., Ltd.

Person in charge: Ming-Yen Hsieh

February 26, 2024

Report of Independent Accountants

(2024) Cai-Shen-Bao-Zi No. 23003893

To: Tai-Tech Advanced Electronics Co., Ltd.

Audit Opinions

The audit of the Consolidated Balance Sheets for December 31, 2023 and 2022, as well as the Consolidated Income Statements, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and Notes to Consolidated Financial Statements for 2022 and from January 1 to December 31, 2023 (including the summary of major accounting policies) for Tai-Tech Advanced Electronics Co., Ltd. and its subsidiaries (hereafter “Tai-Tech Group”) has been completed by this CPA.

In the opinion of this CPA, based on our audits and the reports of the other auditors (see Other Matters), all major aspects of the aforesaid Consolidated Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and the International Accounting Standards recognized and declared as effective by the Financial Supervisory Commission. They are sufficient to present the consolidated financial status of Tai-Tech Group for December 31, 2023 and 2022, as well as the Consolidated Financial Performance and Consolidated Cash Flow for January 1 to December 31, 2023 and 2022.

Basis of Audit Opinion

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Taiwan Standards on Auditing. Our responsibilities under those standards are further described in the section titled “Auditors' Responsibilities for the Audit of the Consolidated Financial Statements” in our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit results of our accountants and the audit reports of other accountants, we are of the opinion that sufficient and appropriate audit evidence has been obtained to be served as the basis for expressing the audit opinion.

Key Audit Matters

The key audit items refer to the most important audit matters for the 2023 Consolidated Financial Statements of Tai-Tech Group under the professional judgment of this CPA. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

The key audit items of Tai-Tech Group's 2023 Consolidated Financial Statements are described as follows:

Evaluation of Loss Allowance due to Inventory Impairment

Description

Please refer to Notes 4 (13), 5 (2), and 6 (3) of the Notes to Consolidated Financial Statements for detailed descriptions of the accounting policies, important accounting estimates, inventory evaluation assumptions, and accounting items for loss allowance due to inventory impairment. Tai-Tech Group's balances for inventory and loss allowance due to impairment as of December 31, 2023, were NTD 837,273 thousand and NTD 69,150 thousand, respectively.

The Group mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products. Since the value of inventory is subject to market price fluctuation and its lifetime, the risk of becoming obsolete is relatively high. In addition, since the valuation process usually involves subjective judgments, the uncertainty in accounting estimates is high. As such, we determine the valuation of the allowance for inventory valuation loss as one of the key audit matters.

Responsive Audit Procedures

We perform the following procedures for the inventory that is ageing and individually obsolete:

1. Assess the reasonableness of inventory allowance evaluation policies and procedures adopted by Tai-Tech Group and its subsidiaries according to our understanding of the Company, including determining the degree of inventory depletion and judging the rationality of the inventory allowance evaluation policy based on past historical data.
2. Review the annual inventory plans of the Group, and observe their annual inventory and management status to assess their management performance and capacity to control obsolete inventories.
3. Verify the accuracy of the inventory aging report and depletion data, and insure report data and policy consistency.
4. Evaluate and confirm the accuracy of the inventory depreciation loss calculation, and assess the adequacy of depreciation loss provisions.

Other Matters - audits conducted by other certified public accountants

We have not audited the financial statements of the investees under the equity method that are included in the consolidated financial statements of the Group, but other independent auditors have. Therefore, our opinion on the amount in the consolidated financial statements is based on the reports of other independent auditors. As of December 31, 2023, the investment in the aforementioned companies under the equity method was NTD 1,463,347 thousand, representing 13% of the consolidated total assets. The profit or loss was NTD 70,078 thousand, representing 10% of consolidated comprehensive income.

Other matters - parent company only financial statements

Tai-Tech Advanced Electronics Co., Ltd. has prepared the parent company only financial statements for 2023 and 2022, for which we have issued an unqualified opinion and the audit report with additional paragraphs for reference.

The Responsibilities of the Management Level and Governance Units for the Consolidated Financial Statements

The responsibilities of the management level are to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and International Accounting Standards as recognized and declared effective by the Financial Supervisory Commission during the preparation of the Consolidated Financial Statements; maintain the necessary internal control mechanism related to the formulation of the Consolidated Financial Statements; and insure that the Consolidated Financial Statements do not contain significant false statements that can lead 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.

The CPA's Responsibilities during 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 refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

- resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 5. Evaluate the overall representation, structure, and content of the Consolidated Financial Statements (including the relevant notes) and determine whether the Consolidated Financial Statements have sufficiently expressed the relevant transactions and events.
 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the independence requirements set forth in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

This accountant has decided the key audit items for the 2023 Consolidated Financial Statements of Tai-Tech Group based on the items communicated with the governance unit. We describe these matters in our 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.

PricewaterhouseCoopers Taiwan

Certified Public Accountant (CPA) Wei-Hao Wu
Ya-Hui Cheng

Financial Supervisory Commission
Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No.
1080323093
Former Financial Supervisory Commission and Securities and
Futures Bureau of the Executive Yuan
Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No.
0960072936

February 26, 2024

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NTD thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 2,152,634	20	\$ 1,528,877	17
1136	Financial assets measured at amortized cost—current	6 (1)	30,705	-	-	-
1150	Notes receivable, net	6 (2)	49,844	1	60,385	1
1170	Accounts receivable, net	6 (2)	1,464,122	13	1,625,040	18
1180	Accounts receivable from related parties, net	6 (2) and 7	94,850	1	112,545	1
1200	Other receivables		14,002	-	13,427	-
1220	Current income tax assets	6 (25)	6,717	-	-	-
130X	Inventory	6 (3)	768,123	7	944,195	10
1410	Pre-payments		42,632	-	32,764	-
1470	Other current assets		267	-	469	-
11XX	Total current assets		<u>4,623,896</u>	<u>42</u>	<u>4,317,702</u>	<u>47</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6 (11)	880	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6 (5), 7 and 12 (3)	558,896	5	381,069	4
1550	Investment accounted for using the equity method	6 (4)	1,470,603	14	-	-
1600	Property, plant and equipment	6 (6) and 8	4,100,494	38	4,401,609	48
1755	Right-of-use assets	6 (7) and 7	37,587	-	35,390	-
1780	Intangible assets		49,980	1	43,403	1
1840	Deferred income tax assets	6 (25)	26,638	-	40,822	-
1900	Other non-current assets	6 (8)	17,075	-	31,924	-
15XX	Total non-current assets		<u>6,262,153</u>	<u>58</u>	<u>4,934,217</u>	<u>53</u>
1XXX	Total assets		<u>\$ 10,886,049</u>	<u>100</u>	<u>\$ 9,251,919</u>	<u>100</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NTD thousand

	Liabilities and equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6 (9)	\$ 100,000	1	\$ -	-
2150	Notes payable		17,460	-	43,300	1
2170	Accounts payable		550,535	5	533,424	6
2180	Accounts payable - related parties	7	3,111	-	5,327	-
2200	Other payables	6 (10) and 7	553,461	5	651,233	7
2230	Current income tax liabilities	6 (25)	49,655	1	94,813	1
2250	Liability reserve - current		4,278	-	-	-
2280	Lease liabilities - current	7	4,085	-	5,722	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	37,733	-
21XX	Total current liabilities		<u>1,320,318</u>	<u>12</u>	<u>1,371,552</u>	<u>15</u>
	Non-current liabilities					
2530	Corporate bonds payable	6 (11)	1,048,695	10	-	-
2540	Long-term borrowings	6 (12)	1,504,712	14	1,088,446	12
2570	Deferred income tax liabilities	6 (25)	257,748	2	251,772	2
2580	Lease liabilities - non-current	7	7,182	-	2,148	-
2640	Net defined benefit liabilities - non-current	6 (13)	1,053	-	778	-
2670	Other non-current liabilities - others		10,014	-	12,286	-
25XX	Total non-current liabilities		<u>2,829,404</u>	<u>26</u>	<u>1,355,430</u>	<u>14</u>
2XXX	Total liabilities		<u>4,149,722</u>	<u>38</u>	<u>2,726,982</u>	<u>29</u>
	Equity attributable to shareholders of the parent					
	Share capital	6 (14)				
3110	Common shares		1,020,340	9	1,020,340	11
	Capital surplus	6 (15)				
3200	Capital surplus		1,854,279	17	1,798,320	19
	Retained earnings	6 (16)				
3310	Legal reserve		657,300	6	552,955	6
3320	Special reserve		76,642	1	76,642	1
3350	Unappropriated earnings		2,928,035	27	3,012,932	33
	Other equity	6 (17)				
3400	Other equity		139,049	1	63,748	1
31XX	Equity attributable to shareholders of the parent - Total		<u>6,675,645</u>	<u>61</u>	<u>6,524,937</u>	<u>71</u>
36XX	Non-controlling interests		<u>60,682</u>	<u>1</u>	<u>-</u>	<u>-</u>
3XXX	Total equity		<u>6,736,327</u>	<u>62</u>	<u>6,524,937</u>	<u>71</u>
	Significant Commitments or Contingencies	9				
3X2X	Total liabilities and equity		<u>\$ 10,886,049</u>	<u>100</u>	<u>\$ 9,251,919</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	2023		2022		
		Amount	%	Amount	%	
4000	Operating revenue	6 (18) and 7	\$ 4,431,789	100	\$ 5,291,333	100
5000	Operating costs	6 (3)(23)(24) and 7	(3,314,106)	(75)	(3,511,808)	(66)
5900	Gross profit		1,117,683	25	1,779,525	34
	Operating expenses	6 (23) (24) and 7				
6100	Selling and marketing expenses		(291,705)	(7)	(341,304)	(6)
6200	General and administrative expenses		(208,508)	(5)	(261,463)	(5)
6300	Research and development expenses		(155,250)	(3)	(157,741)	(3)
6450	Expected credit impairment gain	12 (2)	924	-	-	-
6000	Total operating expenses		(654,539)	(15)	(760,508)	(14)
6900	Operating gains		463,144	10	1,019,017	20
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6 (19)	39,485	1	8,401	-
7010	Other income	6 (20) and 7	99,406	2	79,778	1
7020	Other gains and losses	6 (21) and 7	16,172	1	141,776	3
7050	Financial costs	6 (9)(12) and (22)	(28,396)	(1)	(12,012)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (4)	79,414	2	-	-
7000	Total non-operating incomes and expenses		206,081	5	217,943	4
7900	Income before income tax		669,225	15	1,236,960	24
7950	Income tax expenses	6 (25)	(76,442)	(2)	(198,423)	(4)
8200	Net profit (loss) for current period		\$ 592,783	13	\$ 1,038,537	20

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	2023		2022	
		Amount	%	Amount	%
Other comprehensive income/(loss) for the year, net of income tax					
Components of other comprehensive income that will not be reclassified to profit or loss	6 (17)				
8311 Remeasurement of defined benefit plans	6 (13)	\$ -	-	\$ 4,919	-
8316 Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (5)	192,848	5	16,040	-
8320 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that will not be reclassified to profit or loss		3,721	-	-	-
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		196,569	5	20,959	-
Items that may be reclassified subsequently to profit or loss	6 (17)				
8361 Exchange differences on translating the financial statements of foreign operations		(71,946)	(2)	64,155	1
8370 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that might be reclassified to profit or loss		(13,801)	-	-	-
8360 Total of items that may be reclassified subsequently to profit or loss		(85,747)	(2)	64,155	1
8300 Other comprehensive income/(loss) for the year, net of income tax		\$ 110,822	3	\$ 85,114	1
8500 Total comprehensive income (loss) for the current period		\$ 703,605	16	\$ 1,123,651	21
Net income attributable to:					
8610 shareholders of the parent		\$ 593,383	13	\$ 1,038,537	20
8620 Non-controlling interests		(\$ 600)	-	\$ -	-
Total comprehensive income (loss) attributable to:					
8710 shareholders of the parent		\$ 706,953	16	\$ 1,123,651	21
8720 Non-controlling interests		(\$ 3,348)	-	\$ -	-
Earnings per share (EPS)	6 (26)				
9750 Basic earnings per share attributable to shareholders of the parent company		\$	5.82	\$	10.11
9850 Diluted earnings per share attributable to shareholders of the parent company		\$	5.73	\$	10.01

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Equity attributable to shareholders of the parent											
Note	Retained earnings					Other equity			Total	Non-controlling interests	Total equity
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
<u>2022</u>											
	\$	\$	\$	\$	\$	(\$	\$	\$	\$	\$	\$
Balance as of January 1, 2022	1,031,340	1,886,687	433,232	76,642	2,811,137	198,797	182,350	-	6,222,591	-	6,222,591
Net profit (loss) for current period	-	-	-	-	1,038,537	-	-	-	1,038,537	-	1,038,537
Other comprehensive income for the year	-	-	-	-	4,919	64,155	16,040	-	85,114	-	85,114
Total comprehensive income (loss) for the current period	-	-	-	-	1,043,456	64,155	16,040	-	1,123,651	-	1,123,651
Appropriation and distribution of earnings:											
Legal reserve	-	-	119,723	-	(119,723)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(721,938)	-	-	-	(721,938)	-	(721,938)
Repurchase of treasury shares	-	-	-	-	-	-	-	(99,367)	(99,367)	-	(99,367)
Write Off Treasury Stock	(11,000)	(88,367)	-	-	-	-	-	99,367	-	-	-
Balance as of December 31, 2022	<u>1,020,340</u>	<u>1,798,320</u>	<u>552,955</u>	<u>76,642</u>	<u>3,012,932</u>	<u>(134,642)</u>	<u>198,390</u>	<u>-</u>	<u>6,524,937</u>	<u>-</u>	<u>6,524,937</u>
<u>2023</u>											
Balance as of January 1, 2023	<u>1,020,340</u>	<u>1,798,320</u>	<u>552,955</u>	<u>76,642</u>	<u>3,012,932</u>	<u>(134,642)</u>	<u>198,390</u>	<u>-</u>	<u>6,524,937</u>	<u>-</u>	<u>6,524,937</u>
Net profit (loss) for current period	-	-	-	-	593,383	-	-	-	593,383	(600)	592,783
Other comprehensive income for the year	-	-	-	-	-	(82,999)	196,569	-	113,570	(2,748)	110,822
Total comprehensive income (loss) for the current period	-	-	-	-	593,383	(82,999)	196,569	-	706,953	(3,348)	703,605
Appropriation and distribution of earnings:											
Legal reserve	-	-	104,345	-	(104,345)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,204)	-	-	-	(612,204)	-	(612,204)
Issuance of convertible bonds	-	55,190	-	-	-	-	-	-	55,190	-	55,190
Changes in associates and joint ventures accounted for using the equity method	-	769	-	-	-	-	-	-	769	-	769
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	64,030	64,030
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	38,269	-	(38,269)	-	-	-	-
Balance on December 31, 2023	<u>1,020,340</u>	<u>1,854,279</u>	<u>657,300</u>	<u>76,642</u>	<u>2,928,035</u>	<u>(217,641)</u>	<u>356,690</u>	<u>-</u>	<u>6,675,645</u>	<u>60,682</u>	<u>6,736,327</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Operating Activities</u>			
Income before income tax		\$ 669,225	\$ 1,236,960
Adjustments			
Adjustments for income and expenses			
Expected credit impairment gain	12 (2)	(924)	-
Depreciation expenses (including right-of-use assets)	6 (23)	511,098	492,984
Amortization	6 (23)	6,201	5,358
Net gain on financial assets and liabilities at fair value through profit or loss	6 (21)	(1,672)	(512)
Loss (gain) on disposal of property, plant and equipment	6 (21)	1,886	(8,401)
Interest income	6 (19)	(39,485)	(8,401)
Dividends income	6 (21)	(33,534)	(44,097)
Interest expenses	6 (22)	28,396	12,012
Share of profit of associates accounted for using equity method	6 (4)	(79,414)	-
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current		1,232	512
Notes receivable		10,541	4,473
Accounts Receivable		161,849	557,083
Accounts receivable due from related parties		17,695	94,650
Other receivables		(575)	1,482
Inventory		176,072	(96,101)
Pre-payments		(9,868)	2,249
Other current assets		202	(386)
Changes in operating liabilities, net			
Notes payable		5,624	(11,349)
Accounts payable		17,111	(325,104)
Accounts payables to related parties		(2,216)	4,103
Other payables		(101,186)	(76,605)
Liability reserve - current		4,278	-
Net defined benefit liabilities		275	(9,065)
Other non-current liabilities		(2,272)	(1,932)
Cash generated from operating activities		1,340,539	1,829,913
Interest paid		(25,454)	(12,012)
Income taxes paid		(104,754)	(143,100)
Net cash inflow from operating activities		<u>1,210,331</u>	<u>1,674,801</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash Flow from Investment Activities</u>			
Interests received		\$ 39,485	\$ 8,401
Dividends received		33,534	44,097
Acquisition of financial assets at fair value through other comprehensive income		(49,918)	(128,734)
Disposal of financial assets at fair value through other comprehensive income		64,431	-
Increase in financial assets measured at amortized cost		(81,860)	-
Decrease in financial assets at amortized cost		50,000	-
Investment accounted for using the equity method		(1,458,000)	-
Cash dividend of long-term equity investment under equity method		57,500	-
Acquisition of property, plant and equipment	6 (27)	(248,208)	(744,636)
Proceeds from disposal of property, plant and equipment		4,591	50,367
Acquisition of intangible assets		(12,765)	(2,212)
Increase in refundable deposits		(93)	(5)
Increase in other non-current assets		-	(1,576)
Net cash flows used in investing activities		<u>(1,601,303)</u>	<u>(774,298)</u>
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		2,650,000	224,416
Decrease in short-term borrowings		(2,550,000)	(641,631)
Decrease in short-term notes and bills payable		-	(20,000)
Issuance of convertible bonds		1,100,502	-
Increase in long-term borrowings		453,999	660,490
Repayment for long-term borrowings		(37,733)	(137,733)
Repayment of the principal portion of lease liabilities	6 (28)	(6,735)	(6,474)
Cash dividends appropriated	6 (16)	(612,204)	(721,938)
Repurchase of treasury shares	6 (14)	-	(99,367)
Increase in non-controlling interests		64,030	-
Net cash generated from/(used in) financing activities		<u>1,061,859</u>	<u>(742,237)</u>
Exchange rate adjustments		(47,130)	29,607
Increase in cash and cash equivalents for the period		623,757	187,873
Cash and cash equivalents - beginning balance		1,528,877	1,341,004
Cash and cash equivalents - ending balance		<u>\$ 2,152,634</u>	<u>\$ 1,528,877</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2023 and 2022

Unit: NTD thousand
(unless otherwise specified)

I. Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the “Company”) was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products and acts as an agent for domestic and foreign companies in terms of quotation, bidding, distribution and import and export of the said products. The Company’s shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

The Consolidated Financial Statements have been approved by the Board of Directors for release on February 26, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) recognized and promulgated by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) approved and promulgated into effect by the FSC for application in 2023:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model	May 23, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2024:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations, and amendments to the IFRSs issued by IASB but not yet endorsed by

the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28	Yet to be decided by IASB
“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 - Comparative information	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(I) Statement of Compliance

The consolidated financial statements are based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards and International Accounting Standards approved and promulgated by the FSC, as well as their interpretations and interpretation announcements (hereafter “IFRSs”).

(II) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. Preparing financial statements in conformity with the IFRSs endorsed by the FSC require using some important accounting estimates. The management level's judgments were needed when applying the Group's accounting policies. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of consolidated financial reports.

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements
 - (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) Profit or loss and every component of other comprehensive income attribute to either owners of the parent company or non-controlling interests, so does the total comprehensive income even if this results in the non-controlling interests having a deficit balance.
 - (4) Changes in shareholding in subsidiaries that do not result in loss of control (i.e., transaction with non-controlling interests) are accounted for as equity transaction and as a transaction with owners. The differences between the adjustments to non-controlling interests and the fair value of

consideration paid or received are directly recognized in equity.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Business nature	Shareholding percentage		Remarks
			December 31, 2023	December 31, 2022	
<u>Name</u>	<u>Name</u>				
The Company	NORTH STAR INTERNATIONAL LIMITED	Invested business	100%	100%	
The Company	BEST BLISS INVESTMENTS LIMITED	Invested business	100%	100%	
The Company	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Invested business	60%	-	Note 1
BEST BLISS INVESTMENTS LIMITED	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	100%	100%	
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Invested business	100%	100%	
BEST BLISS INVESTMENTS LIMITED	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	26.60%	Note 2
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	73.40%	Note 2
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Production, processing and sale of electronic components	100%	-	Note 3
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	100%	Note 4

Note 1: Incorporated in June 2023.

Note 2: Best Bliss Investments Limited increased investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. for a total of RMB 60,000 thousand in August 2022.

Note 3: Incorporated in July 2023.

Note 4: Incorporated in September 2022.

3. Subsidiaries not included in the consolidated financial statements
None.
4. Adjustments for subsidiaries with different accounting periods
None.
5. Major restrictions
None.
6. Subsidiaries with significant non-controlling interest for the Group
None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars," which is the Group's functional currency.

1. Foreign currency transactions and balance
 - (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the trade date or the measurement date, with the resulting exchange difference recognized as gain or loss.
 - (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
 - (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.
2. Translation of foreign operations financial statements
The results and financial position of associates and entities within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:
 - (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
 - (2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
 - (3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) They are held primarily for trading.
 - (3) Assets that are expected to be realized within 12 months after the balance sheet date.
 - (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.Assets that do not meet the above criteria are classified as non-current assets by the Group.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle.
 - (2) They are held primarily for trading.
 - (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty,

result in its transactions by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(VI) Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value and its gain or loss is recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

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

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(IX) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:
 - (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
 - (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.
2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

(X) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(XI) Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, and receivables (including significant financial components) and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

- (XII) Derecognition of Financial Assets
The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.
- (XIII) Inventory
Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary for completion of the sale.
- (XIV) Investment Accounted for Using the Equity Method — Associates
1. An associate refers to an associate over which the Group has no control but significant influence, typically those in which the Group has at least 20% of the total number of voting shares directly or indirectly. The Group accounts for investment in associates using the equity method and recognizes them at cost upon acquisition.
 2. The Group's share of profit or loss in an associate after acquisition shall be recognized as current gain or loss, and its share of other comprehensive income after acquisition shall be recognized in other comprehensive income. When the Group's loss in any associate exceeds the equity (including any unsecured receivables) in such an associate, the Group does not recognize further losses except when any legal obligation or constructive obligation is incurred or the Group has made payment on behalf of the associate.
 3. When an associate experiences equity changes not attributable to changes in any component of profit or loss or other comprehensive income and not impacting the Group's shareholding in such an associate, the Group accounts for such equity changes as "capital surplus" in proportion to its shareholding percentage.
 4. Unrealized gain or loss arising from transactions between the Group and associates has been eliminated in proportion to the Group's shareholding percentage in the associates; unrealized loss is also eliminated unless evidence proves the impairment of the assets transferred in the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 5. If the Group loses significant influence over an associate, the Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. If significant influence over the associate remains, the Group only proportionally reclassifies the amounts previously recognized in other comprehensive income.
- (XV) Property, plant and equipment
1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
 2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
 3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
 4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic

benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors,” from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	8~50 years
Machinery	5~12 years
Utilities equipment	10~15 years
Transportation equipment	4~5 years
Office equipment	5~10 years
Other equipment	2~12 years

(XVI) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group’s use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:
Fixed payments, less any lease incentives receivable that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
 - (1) The initial lease liability measured;
 - (2) Lease payments made before or at the inception of the lease;
 - (3) Any original direct costs incurred.

Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XVII) Intangible assets

1. Computer software
Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life of 2-10 years.
2. Goodwill
Goodwill results from mergers or acquisition.
3. Patent rights
Patents are amortized at a period of 13 years using the straight line method.

(XVIII) Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is an asset’s fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.
2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XIX) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially

recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XX) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(XXI) Convertible corporate bonds payable

1. The convertible bonds issued by the Group are embedded with conversion rights (i.e. holders have the right to convert the bonds into the Group's common shares with a fixed amount for a fixed number of shares) and repurchase options. At the time of initial issuance, the issuance price is divided into financial assets, financial liabilities or equity according to the issuance conditions, and the treatment is as follows:
2. Embedded resale rights and repurchase rights: at the time of initial recognition, the net fair value is stated as "financial assets or liabilities measured at fair value through profit and loss." Subsequently, the difference at the balance sheet date is recognized as "gain or loss on financial assets (liabilities) measured at fair value through profit or loss".
3. Master contract of corporate bonds: The difference between the fair value measurement at the time of initial recognition and the redemption value is recognized as the premium or discount of corporate bonds payable. Subsequently, the effective interest method is recognized in profit or loss as an adjustment item for "finance costs" on an amortized basis over the period of liquidity.
4. Embedded conversion options (complying with the definition of equity): at the time of initial recognition, the residual value of the issued amount after deducting the above-mentioned "financial assets or liabilities at fair value through profit or loss" and "corporate bonds payable" is accounted for as "capital surplus - options" and will not be remeasured subsequently.
5. The transaction costs directly attributable to the issuance are allocated to the components of each liability and equity in accordance with the original carrying amount of each of the above-mentioned components.
6. Upon conversion by the holders, the liabilities components (including "corporate bonds payable" and "financial assets or liabilities measured at fair value through profit or loss") are accounted for in accordance with the subsequent measurement methods of their classification, and then the book value of the aforementioned liability components plus the book value of "capital surplus - stock options" is used as the issuance cost of the common shares exchanged.

(XXII) Derecognition of Financial Liabilities

1. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or they expire.

(XXIII) Provisions for liabilities

Provisions (sales return and allowance) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXIV) Employee benefits

1. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Past service costs are recognized immediately in profit or loss.

3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXV) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the initial recognition of the assets or liabilities in the transaction (excluding business merger), and if it does not affect the accounting profit or taxable income (tax loss) and does not generate an equivalent taxable and deductible temporary difference, it is not recognized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax

assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXVI) Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.
2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

(XXVII) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the Board of Directors' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXVIII) Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, multilayer wire-wound and other wire-wound products. Sales revenue is recognized when the control of products is transferred to clients, i.e., when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXIX) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(XXX) Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

V. Significant Accounting Judgments, Estimates, and Major Sources of Uncertainty for Assumptions

When preparing this consolidated financial statements, management has exercised their professional judgment to determine the accounting policies to be applied and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

Please see the description in Note 6 (4) 5.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. This inventory evaluation is mainly based on the current market conditions and past historical experience, so there may be major changes.

As of December 31, 2023, the carrying amount of the inventories of the Group was \$768,123.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2,325	\$ 2,448
Checking deposits and demand deposits	1,566,640	1,100,680
Time deposits	523,669	425,749
Commercial paper with repurchase agreement	<u>60,000</u>	<u>-</u>
Total	<u>\$ 2,152,634</u>	<u>\$ 1,528,877</u>

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group did not pledge any cash and cash equivalents as collaterals.
3. For December 31, 2023 and 2022, the Group recognized \$30,705 and \$0, respectively, for time deposits originally due within three months that are presented as “financial assets measured at amortized cost - current”.

(II) Notes and Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 49,844</u>	<u>\$ 60,385</u>
Accounts Receivable	\$ 1,465,544	\$ 1,628,873
Less: Allowance for bad debt	(1,422)	(2,353)
Allowance for sales returns and discounts	<u>-</u>	<u>(1,480)</u>
	<u>\$ 1,464,122</u>	<u>\$ 1,625,040</u>
Accounts receivable due from related parties	\$ 94,939	\$ 112,634
Less: Allowance for bad debt	<u>(89)</u>	<u>(89)</u>
	<u>\$ 94,850</u>	<u>\$ 112,545</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not yet due	\$ 1,534,345	\$ 49,844	\$ 1,733,778	\$ 60,385
Within 30 days	24,900	-	6,825	-
31~90 days	1,230	-	882	-
91~180 days	<u>8</u>	<u>-</u>	<u>22</u>	<u>-</u>
	<u>\$ 1,560,483</u>	<u>\$ 49,844</u>	<u>\$ 1,741,507</u>	<u>\$ 60,385</u>

The above aging analysis is based on the number of days past due.

- The accounts and bills receivables in December 31, 2023 and 2022 were all due to client contracts, and the balance of receivables from client contracts as of January 1, 2022 was \$2,478,376.
- Without considering the collateral held or other credit enhancements; the maximum exposure amounts for credit risks that can best represent the Group's bills receivable as of December 31, 2023 and 2022 were \$49,844 and \$60,385, respectively; and the maximum credit risk amounts that can best represent the Group's accounts receivable as of December 31, 2023 and 2022 were \$1,558,972 and \$1,737,585, respectively.
- Credit risks associated with accounts receivable and notes receivable are stated in Note 12 (2).

(III) Inventory

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 135,708	(\$ 13,036)	\$ 122,672
Supplies	23,504	(3,093)	20,411
Work in process	340,197	(22,637)	317,560
Finished products	310,994	(27,793)	283,201
Goods	<u>26,870</u>	<u>(2,591)</u>	<u>24,279</u>
Total	<u>\$ 837,273</u>	<u>(\$ 69,150)</u>	<u>\$ 768,123</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 159,525	(\$ 13,448)	\$ 146,077
Supplies	30,320	(2,244)	28,076
Work in process	397,520	(17,692)	379,828
Finished products	386,565	(23,140)	363,425
Goods	<u>29,191</u>	<u>(2,402)</u>	<u>26,789</u>
Total	<u>\$ 1,003,121</u>	<u>(\$ 58,926)</u>	<u>\$ 944,195</u>

- The inventory costs recognized as expenses by the Group in this period:

	<u>2023</u>		<u>2022</u>	
Cost of inventory sold	\$	3,178,875	\$	3,456,040
Inventory falling price loss		11,045		21,922
Others		<u>124,186</u>		<u>33,846</u>
	<u>\$</u>	<u>3,314,106</u>	<u>\$</u>	<u>3,511,808</u>

- The Group did not pledge any inventory as collaterals.

(IV) Investment under equity method (no such transaction as of December 31, 2022)

	<u>December 31, 2023</u>
Associate:	
APAQ Technology Co., Ltd.	\$ 1,463,347
JDX Technology Co., Ltd.	<u>7,256</u>
	<u>\$ 1,470,603</u>

- Below is the information about the Group's significant associates:

<u>Company name</u>	<u>Main business</u>	<u>Shareholding ratio</u>	<u>Nature of</u>	<u>Measuring method</u>
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	<u>premises</u>	<u>December 31, 2023</u>	<u>relationship</u>	
APAQ Technology Co., Ltd.	Taiwan	28.1%	Business strategy	Equity method

The Company publicly acquired common shares of APAQ Technology Co., Ltd. for 25,000 thousand shares at NTD 58 per share from March 17, 2023 to April 6, 2023. In addition, the acquisition amount was paid and equity transfer was completed on April 13, 2023. Accordingly, the Company has acquired 28.1% of equity of APAQ Technology Co., Ltd.

2. The summarized financial information of the major associates of the Company is as follows:
Balance sheet

	<u>December 31, 2023</u>
	APAQ Technology Co., Ltd. and Subsidiaries
Current assets	\$ 3,168,097
Non-current assets	1,754,258
Current liabilities	(1,687,223)
Non-current liabilities	<u>(320,757)</u>
Total assets	<u>\$ 2,914,375</u>
Share of net total assets of associates	\$ 818,939
Goodwill (Note)	<u>644,408</u>
Carrying amount of associate	<u>\$ 1,463,347</u>

Note: The Company is required to complete an acquisition price allocation report by April 5, 2024. The report was under preparation as of December 31, 2023 statement of comprehensive income

	<u>2023</u>
	APAQ Technology Co., Ltd. and Subsidiaries
Revenue	<u>\$ 2,934,913</u>
Profit from continuing operations	\$ 328,378
Other comprehensive income (net of income tax)	<u>64,814</u>
Total comprehensive income (loss) for the current period	<u>\$ 393,192</u>
Dividends received from associates	<u>\$ 57,500</u>

3. An open market quotation is available for APAQ Technology Co., Ltd., the Group's significant associate, whose fair value was \$1,737,500 as of December 31, 2023.
4. In 2023, the investment income recognized under equity method was \$80,158, which was based on the financial reports issued by other CPAs for the same period.
5. The Group holds 28.1% and 26.67% of the total number of voting shares of APAQ Technology Co., Ltd. and JDX Technology Co., Ltd., respectively, making the Group the single largest shareholder. Since the quantities and dispersion of voting shares held by others were not widely dispersed and the governance body of the Group varies from that of the above companies, the Group is unable to direct the relevant activities of the above companies, hence no control over it. The Group believes that it has only significant influence over the above companies and therefore recognizes them as its associates.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current:		
Equity instruments		
Shares listed on the stock exchange or the OTC market	\$ 36,094	\$ 53,424
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	<u>169,833</u>	<u>129,255</u>
	205,927	182,679
Adjustments for change in value	<u>352,969</u>	<u>198,390</u>
Total	<u>\$ 558,896</u>	<u>\$ 381,069</u>

1. The Group has classified strategic investment stocks as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022, were \$558,896 and \$381,069, respectively.
2. For the purposes of adjusting its position in strategic investments, in 2023, the Group sold its listing share investments, whose fair value was \$64,431, for \$38,269.
3. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 192,848</u>	<u>\$ 16,040</u>
Cumulative gains or losses derecognized and transferred to retained earnings	<u>(\$ 38,269)</u>	<u>\$ -</u>
Dividends income recognized in profit or loss held at the end of current period	<u>\$ 33,534</u>	<u>\$ 44,097</u>

4. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represents the Group as of December 31, 2023 and 2022. The maximum exposure amounts were \$558,896 and \$381,069, respectively.
5. The Group did not pledge any financial assets at fair value through other comprehensive income as collateral.

(VI) Property, plant and equipment

	<u>2023</u>							<u>Unfinished construction and equipment to be inspected</u>	<u>Total</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>		
January 1									
Cost	\$ 777,560	\$ 572,031	\$ 5,629,094	\$ 25,030	\$ 11,668	\$ 52,523	\$ 352,990	\$ 44,775	\$ 7,465,671
Accumulated depreciation and impairment	-	(256,815)	(2,523,061)	(17,159)	(8,623)	(35,823)	(222,581)	-	(3,064,062)
	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>
January 1	\$ 777,560	\$ 315,216	\$ 3,106,033	\$ 7,871	\$ 3,045	\$ 16,700	\$ 130,409	\$ 44,775	\$ 4,401,609
Addition	-	1,575	49,686	-	-	5,299	49,753	128,787	235,100
Disposal	-	-	-	-	-	-	-	-	-
Reclassification (Note)	-	23,955	115,849	-	-	2,310	6,214	(148,397)	(69)
Depreciation expenses	-	(26,399)	(415,359)	(1,035)	(904)	(5,541)	(54,374)	-	(503,612)
Net exchange differences	-	(3,632)	(26,880)	-	(6)	(127)	(1,936)	47	(32,534)
December 31	<u>\$ 777,560</u>	<u>\$ 310,715</u>	<u>\$ 2,829,329</u>	<u>\$ 6,836</u>	<u>\$ 2,135</u>	<u>\$ 18,641</u>	<u>\$ 130,066</u>	<u>\$ 25,212</u>	<u>\$ 4,100,494</u>
December 31									
Cost	\$ 777,560	\$ 590,845	\$ 5,644,458	\$ 25,018	\$ 11,611	\$ 58,766	\$ 342,246	\$ 25,212	\$ 7,475,716
Accumulated depreciation and impairment	-	(280,130)	(2,815,129)	(18,182)	(9,476)	(40,125)	(212,180)	-	(3,375,222)
	<u>\$ 777,560</u>	<u>\$ 310,715</u>	<u>\$ 2,829,329</u>	<u>\$ 6,836</u>	<u>\$ 2,135</u>	<u>\$ 18,641</u>	<u>\$ 130,066</u>	<u>\$ 25,212</u>	<u>\$ 4,100,494</u>

Note: Reclassified into intangible assets.

	<u>2022</u>								
	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
January 1									
Cost	\$ 777,560	\$ 565,912	\$ 5,283,887	\$ 24,369	\$ 12,050	\$ 51,323	\$ 301,219	\$ 109,666	\$ 7,125,986
Accumulated depreciation and impairment	-	(228,762)	(2,161,835)	(16,091)	(8,050)	(32,384)	(174,999)	-	(2,622,121)
	<u>\$ 777,560</u>	<u>\$ 337,150</u>	<u>\$ 3,122,052</u>	<u>\$ 8,278</u>	<u>\$ 4,000</u>	<u>\$ 18,939</u>	<u>\$ 126,220</u>	<u>\$ 109,666</u>	<u>\$ 4,503,865</u>
January 1	\$ 777,560	\$ 337,150	\$ 3,122,052	\$ 8,278	\$ 4,000	\$ 18,939	\$ 126,220	\$ 109,666	\$ 4,503,865
Addition	-	-	52,183	650	-	1,504	35,480	300,790	390,607
Disposal	-	-	(47,376)	-	-	-	(199)	-	(47,575)
Reclassification	-	-	352,289	-	-	1,022	14,088	(367,399)	-
Depreciation expenses	-	(26,021)	(406,711)	(1,058)	(967)	(4,898)	(46,148)	-	(485,803)
Net exchange differences	-	4,087	33,596	1	12	133	968	1,718	40,515
December 31	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>
December 31									
Cost	\$ 777,560	\$ 572,031	\$ 5,629,094	\$ 25,030	\$ 11,668	\$ 52,523	\$ 352,990	\$ 44,775	\$ 7,465,671
Accumulated depreciation and impairment	-	(256,815)	(2,523,061)	(17,159)	(8,623)	(35,823)	(222,581)	-	(3,064,062)
	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>

1. The amounts of interest capitalization in 2023 and 2022 were \$0.
2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 8~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VII) Lease transactions - lessee

1. The underlying assets of the Group's lease include land use right, buildings, company cars and multi-function peripherals. The lease duration usually lasts 3 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group's lease is the electronic host and printer for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-use land	\$ 26,471	\$ 27,627
Buildings	9,193	3,763
Transportation equipment	1,309	3,029
Machinery and equipment	614	971
	<u>\$ 37,587</u>	<u>\$ 35,390</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Right-of-use land	\$ 705	\$ 707
Buildings	4,704	4,390
Transportation equipment	1,721	1,720
Machinery and equipment	356	364
	<u>\$ 7,486</u>	<u>\$ 7,181</u>

4. Profit or loss items in relation to lease contracts are as follows:

	<u>2023</u>	<u>2022</u>
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 17,444	\$ 14,172
Expenses attributable to low-value assets	84	62

5. The Group's right-of-use asset increased by \$10,133 and \$281 for 2023 and 2022, respectively.
6. The Group's total lease cash outflow for 2023 and 2022 amounted to \$24,263 and \$20,708 , respectively.

(VIII) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 2,626	\$ 2,533
Prepayments for construction and equipment	14,449	29,391
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible-overdue receivables	<u>(1,252)</u>	<u>(1,252)</u>
	<u>\$ 17,075</u>	<u>\$ 31,924</u>

(IX) Short-term borrowings

Nature of borrowings	December 31, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 100,000</u>	1.67%	-
Nature of borrowings	December 31, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ -</u>	-	-

The interest expense recognized in profit or loss of short-term borrowings in 2023 and 2022 were \$6,756 and \$2,509, respectively.

(X) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	\$ 148,177	\$ 183,602
Social benefits liabilities payable	85,624	112,999
Employee compensation and directors' and supervisors' remuneration payable	51,686	95,180
Construction and equipment payable	61,211	57,797
Others	<u>206,763</u>	<u>201,655</u>
	<u>\$ 553,461</u>	<u>\$ 651,233</u>

(XI) Corporate bonds payable (no such transaction as of December 31, 2022)

	<u>December 31, 2023</u>
Corporate bonds payable	\$ 1,100,000
Less: Discount of corporate bond payable	<u>(51,305)</u>
	1,048,695
Less: Due within one year or one operating cycle	
Corporate bonds with repurchase rights or exercised resale rights	<u>-</u>
	<u>\$ 1,048,695</u>

1. Domestic convertible bonds issued by the Company

The conditions for the Company's issuance of the 1st domestic unsecured convertible corporate bonds are as follows

- (1) The Company was approved by the competent authority to issue the first domestic unsecured convertible corporate bonds. The total amount to be issued is \$1,100,000, the coupon rate of 0%, the issuance period of 3 years, and the circulation period from October 31, 2023 to October 31, 2026. The convertible bonds are repaid in cash in one lump sum at the bond face value upon maturity. The convertible bonds were listed for trading on the Taipei Exchange on October 31, 2023.
- (2) The period from the day following the expiration of three months after the date of issuance to the maturity date of the convertible corporate bond holders, except (1) the period of suspension of the common stock transfer according to law; (2) The period from the 15 business days before the book closure date for cash dividends or the book closure date to the base date of distribution of rights; (3) The base date of capital reduction for capital reduction is scheduled to expire on the day before the trading day before the capital reduction; (4) For a change in the denomination of shares, the Company may inform Taiwan Depository & Clearing Corporation through to request

the Company's stock agent to convert the bonds into shares of the Company's common stock in accordance with the Regulations, the rights and obligations of the common shares after conversion are the same as the common shares issued originally.

- (3) The conversion price of these convertible corporate bonds is set according to the pricing model stipulated in the conversion regulations. The subsequent conversion price will be adjusted in accordance with the pricing model stipulated in the conversion plan in the event of an increase in the number of shares of common stock issued (or private placement) of securities with conversion or subscription rights to common shares at a capital reduction lower than the prevailing conversion or subscription price per share, and capital reduction not due to cancellation of treasury shares. The pricing model shall be adjusted in accordance with the conversion regulations. The conversion price on the issuance date was NTD 118.
 - (4) When the closing price of the Company's common shares has exceeded the conversion price at the time of conversion for 30 consecutive business days by more than 30%, the Company may, within 30 business days, send a copy of the "Notice of Recovery of Bonds" after the expiration of 30 days to the bondholders by registered mail, and also request the Taipei Exchange to make a public announcement, and within 5 business days after the date of the recovery, all the bonds shall be recovered in cash based on the face value of the bonds.
 - (5) In accordance with the conversion regulations, all the convertible corporate bonds recovered (including repurchased from the Taipei Exchange), repaid or converted by the Company shall be cancelled and may not be re-sold or re-issued, and the conversion rights attached shall also be extinguished.
2. When issuing the convertible bonds, the Group separated the equity conversion option and each component of liability in accordance with IAS No. 32 "Financial Instruments: Presentation," and accounted for \$55,190 as "Capital surplus - stock options." In addition, the embedded repurchase options were not closely related to the economic characteristics and risks of the debt instrument of the

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2023</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	\$ 477,955
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.15%	-	226,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.11%~1.15%	Machinery	368,000
Credit loan	The period from March 2023 to March 2026 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2026 to February 2030.	1.15%	-	220,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	1.11%	-	<u>250,000</u>
				1,542,445
Less: Current portion of long-term borrowings				<u>(37,733)</u>
				<u>\$ 1,504,712</u>

host contract in accordance with IFRS 9 "Financial Instruments," so they were separated and accounted for in the net amount of "Financial assets measured at fair value through profit or loss."

After the separation, the effective interest rate of the main contract debt was 1.7%.

(XII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2022</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	\$ 515,689
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.03%	-	130,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.98%~1.03%	Machinery	368,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.98%	-	<u>112,000</u>
				1,126,179
Less: Current portion of long-term borrowings				<u>(37,733)</u>
				<u>\$ 1,088,446</u>

In 2023 and 2022, the interest expenses recognized in profit or loss for long-term borrowings were \$18,674 and \$9,498, respectively.

(XIII) Pension

1. (1) By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.” Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (2) The Company has established the “Manager's Retirement and Resignation Method” to determine the payment applicable to the company's appointed managers. The retirement benefit formula is as follows:
 - A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
 - B. The Company contributes an amount of pension equal to 6% of an employee’s monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
 - C. For appointed managers who have rendered 25 or more years of services as of December 31,

2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

(3) The Company is obligated to pay retirement pensions to the directors and chairman of the board who were employees, which is calculated at 6% of the monthly salary according to the "Directors' Salary and Remuneration Measures."

(4) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 1,053	\$ 778
Fair value of plan assets	<u>(8,747)</u>	<u>(8,441)</u>
Net defined benefit assets	<u>(\$ 7,694)</u>	<u>(\$ 7,663)</u>

(5) Changes in the Confirmed Net Welfare Liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance at January 1	\$ 55,331	(\$ 40,569)	\$ 14,762
Current service costs	223	-	223
Interest expenses (income)	333	(303)	30
Settlement of profit or loss	<u>(6,638)</u>	<u>-</u>	<u>(6,638)</u>
	<u>49,249</u>	<u>(40,872)</u>	<u>8,377</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,959)	(2,959)
Change in demographic assumptions	417	-	417
Change in financial assumptions	<u>(3,144)</u>	<u>-</u>	<u>(3,144)</u>
Experience adjustments	<u>767</u>	<u>-</u>	<u>767</u>
	<u>(1,960)</u>	<u>(2,959)</u>	<u>(4,919)</u>
Pension contribution by employer	-	-	-
Pension paid	<u>(46,511)</u>	<u>35,390</u>	<u>(11,121)</u>
Balance at December 31	<u>\$ 778</u>	<u>(\$ 8,441)</u>	<u>(\$ 7,663)</u>

(6) The Company settled severances for some employees under the old seniority system according to the Labor Standards Act and Labor Pension Act, and the settlement benefits of 2022 were \$6,638.

(7) The Company's Confirmed welfare retirement plan fund assets shall be entrusted within the transportation and amount of entrusted business projects determined by the Bank of Taiwan according to the annual investment and application plan of the fund pursuant to items provided

by Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in financial institutions at home and abroad; investing in domestic and foreign listed, OTC, or privately placed equity securities; and investment in securitized goods for real estate at home and abroad). The relevant application status shall be supervised by the Supervision Committee of the Labor Retirement Fund. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government of each year.

- (8) The actuarial assumptions regarding pensions are summarized as follows:

	<u>2022</u>
Discount rate	<u>1.35%</u>
Future salary increase rate	<u>3.00%</u>

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
December 31, 2022	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Effects on the present value of defined benefit obligations	<u>(\$ 19)</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>

The above sensitivity analysis is based on changes in a single variable, with the other variables held constant. However, in practice, variables are correlated. The manner adopted for conducting sensitivity analysis is the same as that for calculating the net pension liability stated on the balance sheet.

The manner adopted for conducting sensitivity analysis is the same as that adopted for sensitivity analysis in the previous period.

- (9) The Company is expected to contribute \$0 to the pension plan in 2024.
- (10) The Group recognized a pension cost of \$485 in 2023 in accordance with the above regulations.
2. (1) Since July 1, 2005, the Company has established a defined retirement allocation plan in accordance with the "Labor Pension Act," which is applicable to employees of Taiwan nationality. For employees of the Company or domestic subsidiaries who elected to apply the "Labor Pension Act," the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.
- (2) TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. have paid the monthly pension insurance according to a certain percentage of the total salary of local employees according to the pension insurance system stipulated by the People's Republic of China, and the allocation ratios for 2023 and 2022 were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.
- (3) In 2023 and 2022, the pension costs recognized by the Group in accordance with the above pension scheme were \$60,141 and \$73,506, respectively.

(XIV) Share capital

1. As of December 31, 2023, the Company had an authorized capital equal to \$3,000,000 (with \$20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to \$1,020,340, and a share face value equal to NTD 10. All proceeds for share subscription were collected in full. Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows: (Unit: thousand shares)

	<u>2023</u>	<u>2022</u>
January 1	102,034	103,134
Repurchase of treasury shares	<u>-</u>	<u>(1,100)</u>
December 31	<u>102,034</u>	<u>102,034</u>

2. Treasury shares

On July 19, 2022, the Company repurchased 1,100 thousand treasury shares via a Board of Directors resolution. The repurchase price range was \$68 to \$128. The full execution was completed on December 31, 2022, and the repurchase amount was \$99,367. The repurchased shares were cancelled on November 8, 2022 according to the resolution of the Board of Directors and the same date was used as the capital reduction base date.

- (1) Reason of recovering shares and quantity

		<u>December 31, 2022</u>	
<u>Name of shareholding company</u>	<u>Reason for recovery</u>	<u>Number of Shares</u>	<u>Carrying amount</u>
The Company	Protect shareholders' rights and benefits	-	\$ -

- (2) According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.

- (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.

- (4) According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(XV) Capital surplus

1. Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.
2. The capital reserve is detailed as follows:

	<u>2023</u>					
	<u>Issue premium</u>	<u>All changes in equity of recognized subsidiaries</u>	<u>Changes in net equity of associates</u>	<u>Consolidation premium</u>	<u>Stock options</u>	<u>Total</u>
January 1	\$1,783,921	\$ 12,353	\$ -	\$ 2,046	\$ -	\$1,798,320
Issuance of convertible	-	-	-	-	55,190	55,190

bonds						
Changes in associates and joint ventures recognized under the equity method	-	-	769	-	-	769
December 31	<u>\$1,783,921</u>	<u>\$ 12,353</u>	<u>\$ 769</u>	<u>\$ 2,046</u>	<u>\$ 55,190</u>	<u>\$ 1,854,279</u>

2022

	<u>Issue premium</u>	<u>Recognition of all premium subsidiaries</u>	<u>Consolidation premium</u>	<u>Total</u>
January 1	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 1,886,687
Write Off Treasury Stock	(88,367)	-	-	(88,367)
December 31	<u>\$ 1,783,921</u>	<u>\$ 12,353</u>	<u>\$ 2,046</u>	<u>\$ 1,798,320</u>

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: 10% as legal reserve until it reaches the Company's paid-in capital; set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.

- (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.
5. On February 25, 2022, the Board of Directors passed a resolution to distribute an ordinary dividend of \$721,938 (\$7.0 per share) according to the 2021 surplus.
 6. On February 24, 2023, the Board of Directors passed a resolution to distribute an ordinary dividends of \$612,204 (\$6.0 per share) according to the 2022 surplus.
 7. On February 26, 2024, the Board of Directors passed a resolution to distribute an ordinary dividends of \$459,153 (\$4.5 per share) according to the 2023 surplus.
- (XVII) Other equity items

	<u>2023</u>		
	<u>Unrealized gains</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>(losses)</u>	<u>translation</u>	
January 1	\$ 198,390	(\$ 134,642)	\$ 63,748
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	192,848	-	192,848
- Associates	3,721	-	3,721
Cumulative gains or losses from disposal of equity instruments transferred to retained earnings	(38,269)	-	(38,269)
Exchange differences: -			
Group			
- Group	-	(69,198)	(69,198)
- Associates	-	(13,801)	(13,801)
December 31	<u>\$ 356,690</u>	<u>(\$ 217,641)</u>	<u>\$ 139,049</u>

	<u>2022</u>		
	<u>Unrealized gains</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>(losses)</u>	<u>translation</u>	
January 1	\$ 182,350	(\$ 198,797)	(\$ 16,447)
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	16,040	-	16,040
Exchange differences: -			
Group			
- Group	-	64,155	64,155
December 31	<u>\$ 198,390</u>	<u>(\$ 134,642)</u>	<u>\$ 63,748</u>

(XVIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with clients	<u>\$ 4,431,789</u>	<u>\$ 5,291,333</u>

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2023</u>	<u>2022</u>
Wire-wound products	\$ 3,064,067	\$ 3,465,007
Multilayer products	895,385	811,890
LAN transformers	412,141	959,902
Other	<u>60,196</u>	<u>54,534</u>
Total	<u>\$ 4,431,789</u>	<u>\$ 5,291,333</u>

(XIX) Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	\$ 37,495	\$ 8,401
Financial assets at amortized cost Interest income	1,958	-
Other interest income	<u>32</u>	<u>-</u>
	<u>\$ 39,485</u>	<u>\$ 8,401</u>

(XX) Other income

	<u>2023</u>	<u>2022</u>
Rental income	\$ 10,520	\$ 10,200
Dividends income	33,534	44,097
Subsidies income	53,599	18,168
Miscellaneous income	<u>1,753</u>	<u>7,313</u>
	<u>\$ 99,406</u>	<u>\$ 79,778</u>

The Group recognized government grants primarily because its qualified for the grants awarded to entice investment in the industries within Si-Hong Economic Development Zone.

(XXI) Other gains and losses

	<u>2023</u>	<u>2022</u>
Disposal of property, plant and equipment (loss) gain	(\$ 1,886)	\$ 8,401
Exchange gains, net	21,643	136,022
Loss of financial assets measured at fair value through profit or loss	1,672	512
Miscellaneous expenses	<u>(5,257)</u>	<u>(3,159)</u>
	<u>\$ 16,172</u>	<u>\$ 141,776</u>

(XXII) Financial costs

<u>2023</u>	<u>2022</u>
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Interest expenses	\$	25,430	\$	12,012
Interest expense of corporate bonds payable		2,942		-
Other interest expenses		24		-
	\$	<u>28,396</u>	\$	<u>12,012</u>

(XXIII) Additional Information on the Nature of Expenses

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 719,818	\$ 315,725	\$ 1,035,543
Depreciation expenses of property, plant and equipment	463,693	39,919	503,612
Depreciation of right-of-use assets	3,005	4,481	7,486
Amortization expenses	3,433	2,768	6,201

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 894,673	\$ 373,498	\$ 1,268,171
Depreciation expenses of property, plant and equipment	447,216	38,587	485,803
Depreciation of right-of-use assets	3,006	4,175	7,181
Amortization expenses	3,277	2,081	5,358

(XXIV) Employee benefit expense

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 602,591	\$ 273,826	\$ 876,417
Labor and health insurance expense	23,033	16,096	39,129
Pension expense	49,104	11,522	60,626
Other personnel expense	45,090	14,281	59,371
	<u>\$ 719,818</u>	<u>\$ 315,725</u>	<u>\$ 1,035,543</u>

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 750,370	\$ 325,832	\$ 1,076,202
Labor and health insurance expense	26,473	14,978	41,451

Pension expense	59,296	14,446	73,742
Other personnel expense	<u>58,534</u>	<u>18,242</u>	<u>76,776</u>
	<u>\$ 894,673</u>	<u>\$ 373,498</u>	<u>\$ 1,268,171</u>

- Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors.
- The estimated amount of employee remuneration in 2023 and 2022 was \$41,349 and \$76,144, respectively; the estimated amount of director/supervisor remuneration was \$10,337 and \$19,036, respectively, and the aforementioned amount was booked in salaries.

The remuneration to employees and directors/supervisors for 2023 is estimated at 6% and 1.5% of the profit, respectively for 2023. The Board of Directors resolved to actually distribute \$41,349 and \$10,337 respectively, of which the remuneration to employees is to be paid in cash.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2022 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2022.

The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the MOPS of TWSE.

(XXV) Income tax

- Income tax expense

- (1) Income tax components:

	<u>2023</u>	<u>2022</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 52,987	\$ 176,617
Income tax		
Additional levy on unappropriated earnings	9,753	12,742
Over-estimate of income tax of the previous period	<u>(10,055)</u>	<u>(19,001)</u>
Total current tax	<u>52,685</u>	<u>170,358</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>23,757</u>	<u>28,065</u>
Income tax expenses	<u>\$ 76,442</u>	<u>\$ 198,423</u>

- (2) Income tax associates with other comprehensive income: None.

- (3) Income tax directly debited or credited in equity: None.

- Relationship between income tax expenses and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax derived from applying the statutory tax rate to income before tax (note)	\$ 185,280	\$ 312,500
Impacts on income tax items that must be adjusted according to the tax law	(100,025)	(99,876)
Tax effects of investment deductibles	(5,432)	(4,211)
Tax effects of temporary differences	(1,065)	(1,450)
Change in estimation of probability of realizing deferred tax assets	(2,014)	(2,281)

Over-estimate of income tax of the previous period	(10,055)	(19,001)
Additional levy on unappropriated earnings		<u>9,753</u>		<u>12,742</u>
Income tax expenses	\$	<u>76,442</u>	\$	<u>198,423</u>

Note: The tax rate is calculated based on the tax rate applicable to incomes in the relevant country.

3. The amount of each deferred income tax asset or liability arising from temporary differences is as follows:

	<u>2023</u>			
	<u>January 1</u>	<u>Recognized in</u>	<u>Exchange</u>	<u>December 31</u>
		<u>P/L</u>	<u>differences</u>	
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	\$ 4,671	(\$ 1,156)	(\$ 7)	\$ 3,508
Others	1,597	(320)	(20)	1,257
Loss carryforwards	<u>34,554</u>	<u>(12,347)</u>	<u>(334)</u>	<u>21,873</u>
Sub-total	<u>40,822</u>	<u>(13,823)</u>	<u>(361)</u>	<u>26,638</u>
-Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	<u>(223,200)</u>	<u>(9,933)</u>	<u>3,957</u>	<u>(229,176)</u>
Sub-total	<u>(251,772)</u>	<u>(9,933)</u>	<u>3,957</u>	<u>(257,748)</u>
Total	<u>(\$ 210,950)</u>	<u>(\$ 23,756)</u>	<u>\$ 3,596</u>	<u>(\$ 231,110)</u>

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized in</u>	<u>Exchange</u>	<u>December 31</u>
		<u>P/L</u>	<u>differences</u>	
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	\$ 4,561	\$ 105	\$ 5	\$ 4,671
Others	3,047	(1,506)	56	1,597
Loss carryforwards	<u>23,688</u>	<u>10,555</u>	<u>311</u>	<u>34,554</u>
Sub-total	<u>31,296</u>	<u>9,154</u>	<u>372</u>	<u>40,822</u>
-Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	<u>(183,323)</u>	<u>(37,219)</u>	<u>(2,658)</u>	<u>(223,200)</u>
Sub-total	<u>(211,895)</u>	<u>(37,219)</u>	<u>(2,658)</u>	<u>(251,772)</u>
Total	<u>(\$ 180,599)</u>	<u>(\$ 28,065)</u>	<u>(\$ 2,286)</u>	<u>(\$ 210,950)</u>

4. Deductible temporary differences that are not recognized as deferred income tax assets	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences:	\$ 156,475	\$ 172,688

5. The Company did not recognize deferred income tax liabilities for temporary taxable differences related to investments for certain subsidiaries. The temporary differences in the unrecognized deferred income tax liabilities as of December 31, 2023 and 2022, were NTD 613,807 and NTD 531,182, respectively.

6. The Company's income tax up to 2021 has been approved by the tax authority.

(XXVI) Earnings per share (EPS)

	<u>2023</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (NTD)</u>
	<u>Post-tax amount</u>		
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 593,383	102,034	\$ 5.82
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 593,383	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	472	
Convertible corporate bonds	2,942	1,554	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 596,325	104,060	\$ 5.73

	<u>2022</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (EPS) (NTD)</u>
	<u>Post-tax amount</u>		
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,038,537	102,704	\$ 10.11
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,038,537	102,704	
Effects of the potentially dilutive common shares on employee compensation	-	1,061	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 1,038,537	103,765	\$ 10.01

(XXVII) Additional Information on Cash Flows

Investing activities partially involving cash payments:

<u>2023</u>	<u>2022</u>
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Acquisition of property, plant and equipment	\$	235,100	\$	390,607
Add: Construction and equipment payable at the beginning of the period		57,797		273,446
Notes payable at the beginning of the period		37,028		175,408
Prepayments for construction and equipment - ending		14,449		-
Less: Construction and equipment payable at the end of the period	(61,211)	(57,797)
Notes payable at the end of the period	(5,564)	(37,028)
Prepayments for construction and equipment - opening	(29,391)		-
Cash paid in the period	\$	<u>248,208</u>	\$	<u>744,636</u>

(XXVIII) Changes in Liabilities Arising from Financing Activities

	<u>2023</u>				<u>Total liabilities</u>
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Corporate bonds payable</u>	<u>from financing activities</u>
January 1	\$ -	\$ 1,126,179	\$ 7,870	\$ -	\$ 1,134,049
Changes from financing cash flows	100,000	416,266	(6,735)	1,100,502	1,610,033
Effects of exchange rate changes	-	-	(1)	-	(1)
Changes in amortized interest of corporate bonds payable	-	-	-	2,942	2,942
Other non-cash changes	-	-	10,133	(54,749)	(44,616)
December 31	<u>\$ 100,000</u>	<u>\$ 1,542,445</u>	<u>\$ 11,267</u>	<u>\$ 1,048,695</u>	<u>\$ 2,702,407</u>
	<u>2022</u>				<u>Total liabilities</u>
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>from financing activities</u>
January 1	\$ 415,794	\$ 20,000	\$ 603,422	\$ 14,054	\$ 1,053,270
Changes in cash flow from financing activities	(417,215)	(20,000)	522,757	(6,474)	79,068
Effects of exchange rate changes	1,421	-	-	9	1,430
Others non-monetary changes	-	-	-	281	281
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,179</u>	<u>\$ 7,870</u>	<u>\$ 1,134,049</u>

VII. Related Party Transactions

(I) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Group</u>
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Superworld Electronics (S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Group

(II) Significant Transactions with Related Party

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Other related party	\$ <u>287,137</u>	\$ <u>406,245</u>

The price of goods sold to related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	<u>2023</u>	<u>2022</u>
Purchase of goods:		
Other related party	\$ <u>9,360</u>	\$ <u>7,385</u>

The price of goods purchased from related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinary suppliers.

3. Freight expenses and miscellaneous expenses

	<u>2023</u>	<u>2022</u>
Other related party	\$ <u>1,997</u>	\$ <u>172</u>

4. Other income

	<u>2023</u>	<u>2022</u>
Other related party	\$ <u>-</u>	\$ <u>163</u>

5. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2023 and 2028 and the rental paid on a monthly basis.

(2) Lease liabilities

Balance at the end of the period:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Jui-hsia Tai	\$ 5,444	\$ 382
Chang-i Hsieh	<u>3,676</u>	<u>362</u>
	\$ <u>9,120</u>	\$ <u>744</u>

(3) Rental expense

	<u>2023</u>	<u>2022</u>
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Other related party	\$	170	\$	177
6. Accounts receivables due from related party				
		<u>December 31, 2023</u>		<u>December 31, 2022</u>
Accounts receivable:				
Other related party	\$	94,850	\$	112,545
7. Accounts payables due to related party				
		<u>December 31, 2023</u>		<u>December 31, 2022</u>
Accounts payable:				
Other related party	\$	3,111	\$	5,327
Other payables:				
Other related party		125		28
	\$	3,236	\$	5,355
8. Property transactions (no such transaction in 2023)				
(1) Disposal of real estate, plant, and equipment				
		<u>2022</u>		
		<u>Disposal proceeds</u>		<u>Disposal gain (loss)</u>
Other related party	\$	279	\$	80
(2) Acquisition of financial assets				
	<u>Accounting items</u>	<u>Number of share transactions</u>	<u>Transaction targets</u>	<u>Proceeds from 2022</u>
Superworld Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	2,000 thousand shares	SFI Electronics Technology Inc.	\$ 40,000

(III) Remuneration to Major Management

	<u>2023</u>		<u>2022</u>
Short-term employee benefits	\$	69,947	\$ 100,409
Post-retirement benefits		1,575	1,496
Total	\$	71,522	\$ 101,905

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Type of asset</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of collateral</u>
Property, plant and equipment			
- Land	\$ 766,893	\$ 766,893	Short and long-term borrowings
- Buildings and structures	59,571	63,277	Short and long-term borrowings

- Machinery	401,327	443,592	Long-term borrowings
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IX. Significant Commitments or Contingencies

(I) Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 158,703	\$ 71,809
Computer software	\$ 1,327	\$ 5,649

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss		
Financial assets compulsorily measured at fair value through profit or loss - current increase	\$ 880	\$ -
Financial assets at fair value through other comprehensive income		
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	\$ 558,896	\$ 381,069
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,152,634	\$ 1,528,877
Financial assets at amortized cost	30,705	-
Notes receivable, net	49,844	60,385
Accounts receivable, net (including those due from related party)	1,558,972	1,737,585
Other receivables (including those due from related party)	14,002	13,427
Refundable deposits (Other non-current liabilities recognized)	2,626	2,533

	<u>\$ 3,808,783</u>	<u>\$ 3,342,807</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 100,000	\$ -
Notes payable	17,460	43,300
Accounts payable (including related party)	553,646	538,751
Other payables (including those due to related party)	553,461	651,233
Corporate bonds payable (including those due within one year or one operating cycle)	1,048,695	-
Long-term borrowings (including the portion with maturity in one year)	1,542,445	1,126,179
Deposits received (Other non-current liabilities recognized)	1,640	1,640
	<u>\$ 3,817,347</u>	<u>\$ 2,361,103</u>
Lease liabilities (including those due to related parties)	<u>\$ 11,267</u>	<u>\$ 7,870</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, *e.g.*, market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.
- (2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

- A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.
- B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.
- C. Since the Group engages in business involving multiple functional currencies (*e.g.*, the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

December 31, 2023

(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NTD/ RMB)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 30,482	30.71	\$ 936,102
RMB : NTD	84,651	4.34	367,385
USD : RMB	40,037	7.08	283,462
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 19,764	30.71	\$ 606,952
RMB : NTD	706	4.34	3,064
USD : RMB	8,939	7.08	63,288

December 31, 2022

(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NTD/ RMB)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 60,894	30.71	\$ 1,870,055
RMB : NTD	87,017	4.41	383,745
USD : RMB	38,683	6.96	269,234
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 24,184	30.71	\$ 742,691
RMB : NTD	3,926	4.41	17,314
USD : RMB	16,623	6.96	115,696

- D. The aggregate amount of all exchange gains and losses (including realized and unrealized) recognized in 2023 and 2022 on the Group's monetary items that are significantly affected by exchange rate fluctuations were \$21,643 in exchange gains and \$136,022. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.
- E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

		<u>2023</u>		
		<u>Sensitivity Analysis</u>		
		<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Impact on other</u> <u>comprehensive</u> <u>income/loss</u>
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	9,361	\$ -
RMB : NTD	1%		3,674	-
USD : RMB	1%		2,835	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		6,070	-
RMB : NTD	1%		31	-
USD : RMB	1%		633	-

		<u>2022</u>		
		<u>Sensitivity Analysis</u>		
		<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Impact on other</u> <u>comprehensive</u> <u>income/loss</u>
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	18,701	\$ -
RMB : NTD	1%		3,837	-
USD : RMB	1%		2,692	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		7,427	-
RMB : NTD	1%		173	-
USD : RMB	1%		1,157	-

Price risk

- A. Since the Group's investment is classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in financial assets of equity instrument.
- B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the price of these equity instruments rises or falls by 1% and all other factors remain unchanged, the 2023 and 2022 difference in other comprehensive income due

to it is classified as equity investment at fair value through other comprehensive income or loss increased or decreased by \$5,589 and \$3,811 respectively.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. In 2023 and 2022, the Group's borrowings with floating interest rates were denominated in NTD and USD.
- B. When the interest rate of NTD and USD borrowings increased or decreased by 1%, and all other factors remained unchanged, the net after tax for 2023 and 2022 would decrease or increase by \$13,140 and \$9,009, respectively. This was mainly due to the changes in interest expense resulting from variable-rate borrowings.
- (2) Credit risk
- A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.
- B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.
- D. The Group's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.
- E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. The Group's written-off claims with recourses still active as of December 31, 2023 and 2022 were both \$0.
- F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- G. The Group incorporates perspective considerations for future specific periods and the loss rate established by the current information in order to estimate the allowance for receivables and contractual assets. The preparation matrix for as of December 31, 2023 and 2022 is as follows:

	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days and above</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,584,189</u>	<u>\$ 24,900</u>	<u>\$ 1,230</u>	<u>\$ 8</u>	<u>\$ 1,611,579</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 924</u>	<u>\$ 552</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 2,763</u>
	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days and above</u>	<u>Total</u>

<u>December 31,</u>						
<u>2022</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,794,163</u>	<u>\$ 6,825</u>	<u>\$ 882</u>	<u>\$ 22</u>	<u>\$ 1,803,144</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 1,834</u>	<u>\$ 559</u>	<u>\$ 27</u>	<u>\$ 22</u>	<u>\$ 3,694</u>

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

	<u>2023</u>			<u>Total</u>
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Uncollectible overdue receivables</u>	
January 1	\$ 2,442	\$ -	\$ 1,252	\$ 3,694
Impairment loss reversed	(924)	-	-	(924)
Exchange rate effects	(7)	-	-	(7)
December 31	<u>\$ 1,511</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 2,763</u>

	<u>2022</u>			<u>Total</u>
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Uncollectible overdue receivables</u>	
January 1	\$ 21,955	\$ -	\$ 1,252	\$ 23,207
Amount written off because it is uncollectible	(19,956)	-	-	(19,956)
Exchange rate effects	443	-	-	443
December 31	<u>\$ 2,442</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 3,694</u>

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.
- B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

December 31, 2023	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over than 5 years</u>
Short-term borrowings	\$ 100,000	\$ -	\$ -	\$ -
Notes payable	17,460	-	-	-

Accounts payable (including related party)	553,646	-	-	-
Other payables (including those due to related party)	553,461	-	-	-
Lease liability (including the portion with maturity in one year)	4,085	2,199	4,983	-
Corporate bonds payable	-	-	1,100,000	-
Long-term borrowings (including the portion with maturity in one year)	57,227	261,065	902,117	410,727

Non-derivative
financial liabilities:

December 31, 2022	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over than 5 years</u>
Notes payable	\$ 43,300	\$ -	\$ -	\$ -
Accounts payable	533,424	-	-	-
Accounts payables to related parties	5,327	-	-	-
Other payables (including those due to related party)	651,233	-	-	-
Lease liability (including the portion with maturity in one year)	5,722	1,890	258	-
Long-term borrowings (including the portion with maturity in one year)	51,295	50,729	597,055	505,298

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(III) Fair Value Information

- Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.
 - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.
- Financial instruments not measured at fair values
Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable,

accounts receivables, other receivables, short-term borrowings, notes payable, accounts payable, other payable, lease liability and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:

- (1) The Group classifies its assets and liabilities by their function; stated as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	<u>\$ 116,876</u>	<u>\$ -</u>	<u>\$ 442,020</u>	<u>\$ 558,896</u>
Derivatives				
Right of redemption of convertible bonds	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>\$ 880</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	<u>\$ 83,412</u>	<u>\$ -</u>	<u>\$ 297,657</u>	<u>\$ 381,069</u>

- (2) The techniques and assumptions used to measure fair value are stated as follows:

- A. Financial instruments of which the fair value is marked to market quotations (*i.e.*, level 1 inputs) are stated as follows:

	<u>Listed shares</u>	<u>Convertible corporate bonds</u>
Market quotation	Closing price	Weighted average price in hundreds

- B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, *e.g.*, the one that applies market information available on the consolidated balance sheets date to a pricing model for calculation.

- C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.*, model risk or liquidity risk.

4. There has been no transfer between the Level 1 and the Level 2 in 2023 and 2022

5. The following table reflects Level 3 changes in 2023 and 2022.

	<u>2023</u>	<u>2022</u>
	<u>Equity-based securities</u>	<u>Equity-based securities</u>
January 1	\$ 297,657	\$ 111,830
Gains or losses recognized in other comprehensive income		

Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	103,785	74,844
Purchase of current period	41,085	108,505
Exchange rate effects	(507)	2,478
December 31	<u>\$ 442,020</u>	<u>\$ 297,657</u>

- There was no transfer in or out from Level 3 in 2023 and 2022.
- Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification through use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby ensuring a reasonable valuation result.
- The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	December 31, 2023		<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
	<u>Fair value per unit</u>	<u>Valuation technique</u>			
Non-derivative equity instruments:					
Unlisted shares	\$ 442,020	Public company comparables	Discount for lack of marketability	15%~20% (18.75%)	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2022		<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
	<u>Fair value per unit</u>	<u>Valuation technique</u>			
Non-derivative equity instruments:					
Unlisted shares	\$ 297,657	Public company comparables	Discount for lack of marketability	15%~25% (20%)	The higher the discount for lack of marketability, the lower the fair value

- The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

			<u>December 31, 2023</u>		<u>Recognized in other comprehensive income (OCI)</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Recognized in P/L Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets						
Equity instruments	\$ 529,156	±1%	\$ -	\$ -	\$ 4,941	(\$ 5,235)

			<u>December 31, 2022</u>		<u>Recognized in other comprehensive income (OCI)</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Recognized in P/L Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets						

Equity instruments \$ 364,295 ±1% \$ - \$ - \$ 3,163 (\$ 4,076)

(IV) As of December 31, 2023, there were no open-ended financial derivatives for trading purposes. In 2023, the Company's net gains from financial derivatives generated were \$1,672.

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20% or More of Paid-in Capital: Refer to Table 4.
5. Acquisition of real estate reaching NTD 300 million or 20% of paid-in capital or more: None.
6. Disposal of Real Property That Reaches NTD 300 Million or 20% or More of Paid-in Capital: None.
7. Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital: Refer to Table 5.
8. Receivables Due from Related Party That Reach NTD 100 Million or 20% or More of Paid-in Capital: Refer to Table 6.
9. Engagement in Derivatives Transaction: See Note 12 (4).
10. The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries, or among Subsidiaries: Refer to Table 7.

(II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): Refer to Table 8.

(III) Investment in Mainland China

1. Basic Information: Refer to Table 9.
2. Significant transactions that occurred directly or indirectly through third-region enterprises and investee companies and were reinvested in mainland China: refer to Table 7.

(IV) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

XIV. Segment Information

(I) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

(II) Segment Information

Information on reportable segment provided to the main operating decision makers:

	<u>2023</u>	<u>2022</u>
Segment revenue	<u>\$ 4,431,789</u>	<u>\$ 5,291,333</u>
Segment gross profit	<u>\$ 1,117,683</u>	<u>\$ 1,779,525</u>
Segment profits or losses	<u>\$ 669,225</u>	<u>\$ 1,236,960</u>
Discount and amortization (including right-of-use assets)	<u>\$ 517,299</u>	<u>\$ 498,342</u>
Income tax expenses	<u>\$ 76,442</u>	<u>\$ 198,423</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Segment assets	<u>\$ 10,886,049</u>	<u>\$ 9,251,919</u>
Segment liabilities	<u>\$ 4,149,722</u>	<u>\$ 2,726,982</u>

(III) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

(IV) Product and Labor Information

Revenue from external customers mainly derives from sale of products, e.g. electronic parts, magnet cores, multilayer wire-wound and other wire-wound products; components of revenue are presented as follows:

	<u>2023</u>	<u>2022</u>
Wire-wound products	\$ 3,064,067	\$ 3,465,007
Multilayer products	895,385	811,890
LAN transformers	412,141	959,902
Other	60,196	54,534
Total	<u>\$ 4,431,789</u>	<u>\$ 5,291,333</u>

(V) Regional Information

Information of the Group by region in 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 1,002,286	\$ 2,206,297	\$ 1,373,265	\$ 2,334,459
Mainland China	2,350,689	1,987,373	2,661,398	2,175,334
Hong Kong	411,593	-	679,816	-
Singapore	60,377	-	79,482	-
Others	606,844	8,840	497,372	-
Total	<u>\$ 4,431,789</u>	<u>\$ 4,202,510</u>	<u>\$ 5,291,333</u>	<u>\$ 4,509,793</u>

Note: Revenue is attributable to the country based on the place of receipt.

(VI) Important Customer Information

Information on the Group's important customers in 2023 and 2022 is as follows:

<u>2023</u>			<u>2022</u>		
<u>Name of Clients</u>	<u>Amount</u>	<u>%</u>	<u>Name of Clients</u>	<u>Amount</u>	<u>%</u>
Client A	\$ 676,234	15	Client A	\$ 934,204	18

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Loans of funds to others
January 1 to December 31, 2023

Unit: NTD thousand
(unless otherwise specified)

Table 1

No.	Lending company	Borrowing party	Transaction item	Whether or not a related party	Maximum balance amount	Ending balance	Amount actually drawn	Interest rate range	Loans of funds to others	Business dealing amount	Reason for necessary short-term financing	Allowance for Impairment Loss	Collaterals Name Value	Loan and limit of loaning of funds (Note)	Total limit of loans (Note)	Remarks
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 162,125	\$ 153,525	\$ 128,961	2% ~ 3.2%	Short-term financing fund	\$ -	Business revolving fund	\$ -	- \$ -	\$ 5,340,516	\$ 5,340,516	
1	FIXED ROCK HOLDING LTD.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Other receivables	Yes	\$ 95,580	\$ -	\$ -	-	Short-term financing fund	\$ -	Business revolving fund	\$ -	- \$ -	5,340,516	5,340,516	
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	Other receivables	Yes	\$ 97,275	\$ 92,115	\$ 86,895	2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	- \$ -	5,340,516	5,340,516	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company.
The total amount of loaning of funds and the individual loan between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed 80% of the net worth of the parent company of the Group and the loan period shall not exceed three years.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Endorsements/guarantees

January 1 to December 31, 2023

Table 2

Unit: NTD thousand

(unless otherwise specified)

No.	Endorsements/ guarantees	Endorsed/guaranteed party name			Limits on endorsement/ guarantee	Balance of maximum	Ending balance of	Amount	Amount of	Ratio of	Maximum amount	Endorsement/ guarantee	Endorsement/ guarantee	Endorsement/ guarantee	Remarks
		Provider	Relationship	amount provided (Note)	amount of endorsement/ guarantee of the period	endorsement/ guarantee	actually drawn	collateralized by properties	endorsement/ guarantee to net equity per latest financial statements	of endorsement/ guarantee allowance	provided by parent company to subsidiary	provided by subsidiary to parent company	provided to Mainland China		
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si- Hong) Co., Ltd.	Subsidiary	\$ 2,670,258	\$ 648,500	\$ 153,525	\$ -	\$ -	2.30%	\$ 3,337,823	Yes	No	Yes		
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Subsidiary	\$ 2,670,258	\$ 64,850	\$ 61,410	\$ -	\$ -	0.92%	\$ 3,337,823	Yes	No	Yes		

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture)

December 31, 2023

Table 3

Unit: NTD thousand
(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	Number of shares (in thousands)	End of period		Fair value per unit	Remarks	
					Carrying amount	Shareholdings Percentage			
Tai-Tech Advanced Electronics Co., Ltd.	YUSHIN Motor Co., Ltd.	None	Cash and cash equivalents	-	\$ 29,962	-	\$ 29,962	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	Hung Han Construction Co., Ltd.	None	Cash and cash equivalents	-	\$ 10,780	-	\$ 10,780	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	An Feng Development Co., Ltd.	None	Cash and cash equivalents	-	\$ 10,376	-	\$ 10,376	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	Baotai Investment Co., Ltd.	None	Cash and cash equivalents	-	\$ 8,882	-	\$ 8,882	Unpledged	
Stock:									
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 86,715	0.74%	\$ 86,715	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	Ample Electronic Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	\$ 20,520	0.93%	\$ 20,520	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	179	\$ 9,641	0.43%	\$ 9,641	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	SFI Electronics Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	4,320	\$ 86,795	9.82%	\$ 86,795	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	AZ Venture Investment II Limited	None	Financial assets at fair value through other comprehensive income acquired - non-current	1,500	\$ 15,165	12.50%	\$ 15,165	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	I-See Vision Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 16,100	4.47%	\$ 16,100	Unpledged	
BEST BLISS INVESTMENTS LIMITED	Superworld Holdings (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 266,288	10%	\$ 266,288	Unpledged	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Xiamen Eisend Electronics Co., Ltd	None	Financial assets at fair value through other comprehensive income acquired - non-current	-	\$ 57,672	17%	\$ 57,672	Unpledged	

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2023

Table 4

Unit: NTD thousand

(unless otherwise specified)

Marketable securities		Financial statement account	Transaction counterparty	Relationship	Beginning balance		Purchase		Disposal			End of period (Note 2)		
Buyer/Seller	Type and name				Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book cost	Disposal gains or losses	Number of shares (in thousands)	Amount
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Note 1	-	-	-	\$ -	25,000	\$ 1,450,000	-	\$ -	\$ -	\$ -	25,000	\$ 1,463,347

Note 1: Presented under "Investments accounted for using the equity method".

Note 2: The ending balance includes not only the gains and losses from investments accounted for using the equity method but also relevant adjustment items.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital

January 1 to December 31, 2023

Table 5

Unit: NTD thousand
(unless otherwise specified)

<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Transaction Details</u>			<u>Payment terms</u>	<u>Abnormal Transaction and Reason</u>		<u>Notes/Accounts Receivable (Payable)</u>		<u>Remarks</u>
			<u>Purchase (Sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>		<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsiary	Sale	(354,986)	11%	Note 1	Note 1	-	156,844	15%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sale	(202,878)	7%	Note 2	Note 2	-	72,213	7%	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsiary	Sale	(436,510)	46%	Note 1	Note 1	-	96,587	32%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsiary	Sale	(1,382,432)	47%	Note 1	Note 1	-	491,585	44%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Associate	Sale	(184,405)	6%	Note 1	Note 1	-	30,252	3%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 2: Transaction price and the payment receipt period adopts the general rules.

Receivables Due from Related Party That Reach NTD 100 Million or 20% or More of Paid-in Capital

December 31, 2023

Table 6

Unit: NTD thousand
(unless otherwise specified)

<u>Company of accounts receivable recognized</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Balance of accounts receivables due from</u>		<u>Turnover rate</u>	<u>Overdue amount of accounts receivable from related party</u>		<u>Treatment method</u>	<u>Amounts received from related parties in subsequent period</u>	<u>Allowance for Impairment Loss</u>
			<u>related party</u>	<u>Amount</u>		<u>Amount</u>	<u>Amount</u>			
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	\$ 156,844	1.83	\$ -	-	-	\$ 52,045	\$ -
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	491,585	2.74	-	-	-	221,680	-
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	130,975	-	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent company and Subsidiaries or among Subsidiaries
January 1 to December 31, 2023

Table 7

Unit: NTD thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Item	Transaction details		Percentage of consolidated total revenue or total assets
					Amount	Transaction terms	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	354,986	Note 3	8%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	156,844		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	107,785	Note 3	1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	491,585		5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1,382,432	Note 3	31%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Sales revenue	83,272	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase	436,510	Note 3	10%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable	96,587		1%
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	130,975		1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Sales revenue	38,884	Note 3	1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	184,405	Note 3	4%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	30,252		0%
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	2	Other receivables	89,647		1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are listed in sequential order starting from Arabic number of "1"

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The disclosure standard of the business relationship and important transactions between the parent and subsidiary companies from January 1 to December 31, 2023 is NTD 30 million or more

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Names and Location of Investees (Excluding those in Mainland China)

January 1 to December 31, 2023

Table 8

Unit: NTD thousand

(unless otherwise specified)

Name of Investor	Name of Investee	Location	Main business	Initial investment amount		End of term holding			Current profit/loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year	Number of shares (in thousands)	Percentage	Carrying amount			
Tai-Tech Advanced Electronics Co., Ltd.	NORTH STAR INTERNATIONAL LIMITED	SAMOA	Re-invested business	3,459	3,459	100	100%	89,880	1,760	1,760	
Tai-Tech Advanced Electronics Co., Ltd.	BEST BLISS INVESTMENTS LIMITED	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	4,062,920	332,691	343,444	
Tai-Tech Advanced Electronics Co., Ltd.	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Singapore	Re-invested business	96,045	-	3,000	60%	91,022	(1,500)	(900)	Note 1
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	-	25,000	28.10%	1,463,347	328,376	80,158	Note 2
Tai-Tech Advanced Electronics Co., Ltd.	JDX Technology Co., Ltd.	Taiwan	Electronic components	8,000	-	800	26.67%	7,256	(7,222)	(744)	Note 3
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Mahe Seychelles	Re-invested business	890,624 (USD 29,784 thousand)	890,624 (USD 29,784 thousand)	26,450	100%	2,326,298	181,825	181,825	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Malaysia	Electronic components	19,632	-	3,000	100%	16,764	(2,524)	(2,524)	Note 4

Note 1: Established in June 2023.

Note 2: Based on the audit reports issued by other CPAs during the same period.

Note 3: Not audited.

Note 4: Established in July 2023.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to December 31, 2023

Table 9

Unit: NTD thousand

(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Outward remittance or repatriation for investment		Cumulative outward remittance of the investment amount from Taiwan in the period end (Note 8)	Ownership percentage of direct or indirect investment	Current profit/loss of investee	Current Investment profit/loss recognized (Note 4)	Carrying amount at end of the period (Note 4)	Accumulated repatriation of investment income as of the current period	Remarks
				Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance							
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	US\$11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	\$ 352,249 (USD 10,914 thousand)	\$ -	\$ 352,249 (USD 10,914 thousand)	100%	\$ 56,432	\$ 56,432	\$ 652,739	\$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	US\$43,049 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD 18,821 thousand)	-	600,232 (USD 18,821 thousand)	100%	246,597	246,597	3,104,320	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	(Note 3)	Investment through companies in mainland China (Note 3)	-	-	-	-	-	-	-	-	
Provider	Accumulated outward remittance for investment in Mainland China (Note 5, Note 6)	Investment amount Approved investment amount (Note 7)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA									
Tai-Tech Advanced Electronics Co., Ltd.	\$ 1,412,662 (USD 44,343 thousand)	\$ 1,361,552 (USD 44,343 thousand)	\$ 4,041,796									

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.

Note 3: The company was established on September 1, 2022, and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd, but there was no capital injection as of December 31, 2023.

Note 4: The parent company's CPA in Taiwan audited the financial report.

Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 6: NTD is calculated based on the historical exchange rate.

Note 7: NTD is calculated based on rate of the balance sheet date

Note 8: The amount invested with a third place's self-owned funds is not included.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2023

Table 10

	<u>Shares</u>	
<u>Major shareholders</u>	<u>Number of shares held</u>	<u>Shareholdings Percentage</u>
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank Investment	10,207,649	10.00%
Hengyang Investment Co., Ltd.	6,540,995	6.41%
Northwest Investment Co., Ltd.	6,121,718	5.99%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

- (1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.
- (2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. As for the insider declaration of shareholders holding more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the individual and the shares entrusted by the person with the right to use the trust assets. For the insider declaration information, please refer to the MOPS of TWSE. Information on equity is available on the MOPS of TWSE website.