

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

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Tai-Tech Advanced Electronics Co., Ltd.
2023 and 2022 Parent Company Only Financial Statements and Auditors' Report
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Report of Independent Accountants

(2024) Cai-Shen-Bao-Zi No. 23003898

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

Audit Opinions

We have audited the Parent Company Only Balance Sheet of Tai-Tech Advanced Electronics Co., Ltd. (the Company) as of December 31, 2023 and 2022 as well as the Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flow, and the Notes to Parent Company Only Financial Statements (including the summary of significant accounting policies) for January 1 to December 31, 2023 and 2022.

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 preceding Parent Company Only Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and are sufficient to present the parent company only financial position as of December 31, 2022, and the parent company only financial performance and parent company only cash flows from 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 Parent Company Only Financial Statements" in our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of the Company in 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023 are as follows:

Evaluation of Loss Allowance due to Inventory Impairment

Description

The Company mainly manufactures and processes various electronic components, magnet cores, multilayer wire-wound, and other wire-wound products. Since the value of inventories is affected by market price fluctuations and life cycles, there is a high risk of obsolescence. The evaluation procedure generally involves subjective judgments and may lead to substantial uncertainty in accounting estimates. As of December 31, 2023, the Company's investment balance using the equity method accounted for 55% of its total assets. The financial status and financial performance of its subsidiaries significantly impact the Company's parent company only financial statements, and evaluating the subsidiaries' loss allowance due to inventory impairment is critical. Therefore, the CPA listed the inventory allowance evaluation of the Company and its subsidiaries' loss allowance due to inventory impairment as one of the most critical matters in this year's audit.

Please refer to Notes 4 (11), 5 (2), and 6 (3) of the Notes to Parent Company Only Financial Statements for detailed descriptions of the accounting policies, important accounting estimates, inventory evaluation assumption, and accounting items for loss allowance due to inventory

impairment. The Company's balances for inventory and loss allowance due to impairment as of December 31, 2023 were NTD 340,396 thousand and NTD 21,805 thousand, respectively.

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 the Company 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 Company and its subsidiaries, 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 Company's parent company only financial statements of the Group, but other independent auditors have. Therefore, our opinion on the amount in the parent company only 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 14% of the consolidated total assets. The profit or loss was NTD 70,078 thousand, representing 10% of comprehensive income.

The Management and Governance Units' Responsibilities for the Parent Company Only Financial Statements

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

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

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

The CPA's Responsibilities for the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in parent company only 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 parent company only financial statements.

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

1. Identify the risks of material misstatements that may lead to fraud or error for the parent company only financial statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and appropriate audit evidence as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. The CPA must gain the necessary understanding of internal controls related to the audit to design the appropriate audit procedures under the circumstances. However, its purpose is not to express an opinion on the internal control performance of the Company.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Based on the audit evidence obtained, this CPA has concluded that the appropriateness of the accounting basics for continual operations adopted by the management level as well as whether there is any material uncertainty regarding events or circumstances that may cast significant doubt on the Company's capacity to continue its operates. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall representation, structure, and content of the parent company only financial statements (including the relevant notes) and determine whether the parent company only financial statements have sufficiently expressed the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within the Company and issue an opinion regarding the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company 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.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of the Company's 2023 Parent Company Financial Statements. 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

Wei-Hao Wu

Certified Public Accountant (CPA)

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.
Parent Company Only Balance Sheet
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)	\$ 901,740	9	\$ 902,773	10
1150	Notes receivable, net	6 (2)	15,894	-	20,966	-
1170	Accounts receivable, net	6 (2)	726,542	7	806,759	9
1180	Accounts receivable from related parties, net	6 (2) and 7	277,898	3	541,855	6
1200	Other receivables		9,363	-	12,999	-
1210	Other receivables (including those due from related party)	7	-	-	151,216	2
130X	Inventory	6 (3)	318,591	3	337,925	4
1410	Pre-payments		17,125	-	17,302	-
1470	Other current assets		262	-	-	-
11XX	Total current assets		<u>2,267,415</u>	<u>22</u>	<u>2,791,795</u>	<u>31</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 (4), 7, and 12 (3)	234,936	2	141,692	2
1550	Investment accounted for using the equity method	6 (5)	5,714,425	55	3,734,653	42
1600	Property, plant and equipment	6 (6), 7, and 8	2,148,262	21	2,267,447	25
1755	Right-of-use assets	6 (7)	11,064	-	7,500	-
1780	Intangible assets		44,641	-	40,273	-
1840	Deferred income tax assets	6 (23)	3,201	-	4,357	-
1900	Other non-current assets	6 (8)	4,671	-	21,483	-
15XX	Total non-current assets		<u>8,162,080</u>	<u>78</u>	<u>6,217,405</u>	<u>69</u>
1XXX	Total assets		<u>\$ 10,429,495</u>	<u>100</u>	<u>\$ 9,009,200</u>	<u>100</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.
Parent Company Only Balance Sheet
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		17,459	-	43,300	1
2170	Accounts payable		74,497	1	101,393	1
2180	Accounts payable - related parties	7	588,172	6	731,348	8
2200	Other payables	6 (10) and 7	286,151	3	366,073	4
2230	Current income tax liabilities	6 (23)	49,655	-	77,356	1
2250	Liability reserve - current		4,278	-	-	-
2280	Lease liabilities - current	7	4,051	-	5,511	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	37,733	-
21XX	Total current liabilities		<u>1,161,996</u>	<u>11</u>	<u>1,362,714</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	15	1,088,446	12
2570	Deferred income tax liabilities	6 (23)	28,572	-	28,572	1
2580	Lease liabilities - non-current	7	7,182	-	2,113	-
2640	Net defined benefit liabilities - non-current	6 (13)	1,053	-	778	-
2670	Other non-current liabilities - others		1,640	-	1,640	-
25XX	Total non-current liabilities		<u>2,591,854</u>	<u>25</u>	<u>1,121,549</u>	<u>13</u>
2XXX	Total liabilities		<u>3,753,850</u>	<u>36</u>	<u>2,484,263</u>	<u>28</u>
Equity						
Share capital						
3110	Common shares	6 (14)	1,020,340	10	1,020,340	11
Capital surplus						
3200	Capital surplus	6 (15)	1,854,279	18	1,798,320	20
Retained earnings						
3310	Legal reserve	6 (16)	657,300	6	552,955	6
3320	Special reserve		76,642	1	76,642	1
3350	Unappropriated earnings		2,928,035	28	3,012,932	33
Other equity						
3400	Other equity	6 (17)	139,049	1	63,748	1
3XXX	Total equity		<u>6,675,645</u>	<u>64</u>	<u>6,524,937</u>	<u>72</u>
Significant Commitments or Contingencies 9						
3X2X	Total liabilities and equity		<u>\$ 10,429,495</u>	<u>100</u>	<u>\$ 9,009,200</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.
Parent Company Only 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	\$ 3,093,378	100	\$ 4,179,085	100
5000 Operating costs	6 (3) (21) (22) and 7	(2,514,358)	(81)	(3,037,036)	(72)
5900 Gross profit		579,020	19	1,142,049	28
5910 Unrealized gains from sale		(25,575)	(1)	(72,830)	(2)
5920 Realized gain from sale		72,830	2	47,122	1
5950 Gross profit, net		626,275	20	1,116,341	27
Operating expenses	6 (21) (22) and 7				
6100 Selling and marketing expenses		(200,418)	(6)	(222,801)	(5)
6200 General and administrative expenses		(130,483)	(4)	(149,598)	(4)
6300 Research and development expenses		(85,157)	(3)	(71,033)	(2)
6000 Total operating expenses		(416,058)	(13)	(443,432)	(11)
6900 Operating gains		210,217	7	672,909	16
NON-OPERATING INCOME AND EXPENSES					
7100 Interest income		11,793	-	5,415	-
7010 Other income	6 (19) and 7	18,038	1	25,652	1
7020 Other gains and losses	6 (20)	2,083	-	103,539	2
7050 Financial costs	6 (9) and (12)	(28,394)	(1)	(10,059)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)				
		423,718	14	375,761	9
7000 Total non-operating incomes and expenses		427,238	14	500,308	12
7900 Income before income tax		637,455	21	1,173,217	28
7950 Income tax expenses	6 (23)	(44,072)	(2)	(134,680)	(3)
8200 Net profit (loss) for current period		\$ 593,383	19	\$ 1,038,537	25
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					
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 (4)	107,758	4	(79,524)	(2)
8330 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		88,811	3	95,564	2
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		196,569	7	20,959	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating the financial statements of foreign operations	6 (17)	(8,691)	-	358,086	9
8380 Share of profit (loss) of associates and joint ventures accounted for using equity method - Items that may be reclassified to profit or loss		(74,308)	(3)	(293,931)	(7)
8360 Total of items that may be reclassified subsequently to profit or loss		(82,999)	(3)	64,155	2
8300 Other comprehensive income/(loss) for the year, net of income tax		\$ 113,570	4	\$ 85,114	2
8500 Total comprehensive income (loss) for the current period		\$ 706,953	23	\$ 1,123,651	27
Basic earnings per share					
9750 Basic earnings per share	6 (24)	\$	5.82	\$	10.11
Diluted earnings per share					
9850 Diluted earnings per share - Total		\$	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.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Note	Retained earnings				Other equity			Treasury shares	Total
		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		
<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
Net profit (loss) for current period		-	-	-	-	1,038,537	-	-	-	1,038,537
Other comprehensive income for the year	6 (17)	-	-	-	-	4,919	64,155	16,040	-	85,114
Total comprehensive income (loss) for the current period		-	-	-	-	1,043,456	64,155	16,040	-	1,123,651
Appropriation and distribution of earnings:	6 (16)									
Legal reserve		-	-	119,723	-	(119,723)	-	-	-	-
Cash dividends		-	-	-	-	(721,938)	-	-	-	(721,938)
Repurchase of treasury shares	6 (14)	-	-	-	-	-	-	-	(99,367)	(99,367)
Write Off Treasury Stock	6 (14)	(11,000)	(88,367)	-	-	-	-	-	99,367	-
Balance as of December 31, 2022		\$ 1,020,340	\$ 1,798,320	\$ 552,955	\$ 76,642	\$ 3,012,932	(\$ 134,642)	\$ 198,390	\$ -	\$ 6,524,937
<u>2023</u>										
Balance as of January 1, 2023		\$ 1,020,340	\$ 1,798,320	\$ 552,955	\$ 76,642	\$ 3,012,932	(\$ 134,642)	\$ 198,390	\$ -	\$ 6,524,937
Net profit (loss) for current period		-	-	-	-	593,383	-	-	-	593,383
Other comprehensive income for the year	6 (17)	-	-	-	-	-	(82,999)	196,569	-	113,570
Total comprehensive income (loss) for the current period		-	-	-	-	593,383	(82,999)	196,569	-	706,953
Appropriation and distribution of earnings:	6 (16)									
Legal reserve		-	-	104,345	-	(104,345)	-	-	-	-
Cash dividends		-	-	-	-	(612,204)	-	-	-	(612,204)
Issuance of convertible bonds	6 (11)	-	55,190	-	-	-	-	-	-	55,190
Changes in associates and joint ventures accounted for using the equity method		-	769	-	-	-	-	-	-	769
Disposal of equity instruments measured at fair value through other comprehensive income	6 (17)	-	-	-	-	38,269	-	(38,269)	-	-
Balance on December 31, 2023		\$ 1,020,340	\$ 1,854,279	\$ 657,300	\$ 76,642	\$ 2,928,035	(\$ 217,641)	\$ 356,690	\$ -	\$ 6,675,645

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

Tai-Tech Advanced Electronics Co., Ltd.
Parent Company Only Statement of Cash Flow
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		\$ 637,455	\$ 1,173,217
Adjustments			
Adjustments for income and expenses			
Depreciation expenses (including right-of-use assets)	6 (21)	199,282	202,667
Amortization	6 (21)	5,828	5,311
Net gain on financial assets and liabilities at fair value through profit or loss	6 (20)	(1,672)	(512)
Gains on disposal of property, plant and equipment	6 (20)	(3,143)	(11,662)
Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	(423,718)	(375,761)
(Realized) unrealized gain from sale		(47,255)	25,708
Interest income		(11,793)	(5,415)
Dividends income	6 (19)	(7,129)	(8,541)
Interest expenses		28,394	10,059
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		5,072	17,911
Accounts Receivable		80,217	312,243
Accounts receivable due from related parties		263,957	245,410
Other receivables		3,636	1,860
Other receivables (including those due from related party)		-	(57,276)
Inventory		19,334	(28,105)
Pre-payments		177	(14,337)
Other current assets		(262)	-
Changes in operating liabilities, net			
Notes payable		5,622	(11,349)
Accounts payable		(26,896)	(127,896)
Accounts payable - related parties		(143,176)	(279,270)
Other payables		(96,908)	(28,312)
Liability reserve - current		4,278	-
Net defined benefit liabilities		275	(9,065)
Cash generated from operating activities		<u>492,807</u>	<u>1,037,397</u>
Interest paid		(25,452)	(10,059)
Income taxes paid		(70,614)	(149,917)
Net cash inflow from operating activities		<u>396,741</u>	<u>877,421</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd.
Parent Company Only Statement of Cash Flow
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		\$ 11,793	\$ 5,415
Dividends received		7,129	8,541
Acquisition of financial assets at fair value through other comprehensive income		(49,918)	(99,229)
Disposal of financial assets at fair value through other comprehensive income		64,431	-
Increase in financial assets measured at amortized cost		(50,000)	-
Decrease in financial assets at amortized cost		50,000	-
Other receivables (including those due from related party)		151,216	-
Investment accounted for using the equity method		(1,554,045)	-
Cash dividend of long-term equity investment under equity method		57,500	-
Acquisition of property, plant and equipment	6 (25)	(181,480)	(371,991)
Proceeds from disposal of property, plant and equipment		107,784	245,352
Acquisition of intangible assets		(10,127)	(1,623)
Increase in other non-current assets		(97)	(13,394)
Net cash flows used in investing activities		<u>(1,395,814)</u>	<u>(226,929)</u>
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		2,650,000	126,792
Repayments for short-term borrowings		(2,550,000)	(445,706)
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 (26)	(6,524)	(6,262)
Cash dividends appropriated	6 (16)	(612,204)	(721,938)
Repurchase of treasury shares	6 (14)	-	(99,367)
Net cash generated from/(used in) financing activities		<u>998,040</u>	<u>(643,724)</u>
Increase (decrease) in cash and cash equivalents for the period		(1,033)	6,768
Cash and cash equivalents - beginning balance		902,773	896,005
Cash and cash equivalents - ending balance		<u>\$ 901,740</u>	<u>\$ 902,773</u>

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

Tai-Tech Advanced Electronics Co., Ltd.
Notes to the Parent Company Only Financial Statements
2023 and 2022

Unit: NTD thousand
(unless otherwise specified)

I. Company History

Tai-Tech Advanced Electronics (the “Company” hereinafter) was incorporated on November 2, 1992. The Company mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wounds products, and act 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 Parent Company Only Financial Statements were 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 Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’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 Company has assessed the aforementioned standards and interpretations, and concluded that they

- do not have significant effects on the Company'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 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided by IASB
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 Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

These Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

1. This financial statement is prepared based on the historical costs except for the following important items:
 - (1) Financial assets and liabilities (including derivatives) measured at fair value through gain 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 reports in conformity with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretations (hereafter "IFRSs") endorsed by the FSC require using some important accounting estimates. When applying the Company's accounting policies, the management level's judgments were needed. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of standalone financial statements.

(III) Foreign currency translation

The items listed in the financial statements of each entity of the Company are measured in the currency of the primary economic environment in which the individual operates (i.e., functional currency). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company'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 Company 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.

(IV) 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.

Otherwise they are classified as non-current assets.

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.

Otherwise they are classified as non-current liabilities.

(V) 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.

(VI) 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 Company'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 Company 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 Company recognizes dividend income in profit or loss when (a) the Company's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(VII) 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 Company's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. The Company has added the transaction cost measurement at fair value during the original recognition, which is subsequently measured via the fair value method. When changes in the fair value of equity instruments recognized as other comprehensive gains or losses are being derecognized, the cumulative profits or losses previously recognized as other comprehensive gains or losses are not subsequently reclassified to gain or loss and are transferred to retained earnings. The Company recognizes dividend

income in profit or loss when (a) the Company's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(VIII) 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 discount effect for unpaid-interest short-term accounts and bills receivable is small, so the Company is measured via the original invoice amount.

(IX) Impairment of Financial Assets

At the end of each reporting period, the Company considers financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI, 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 Company recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Company recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or contract assets, the Company recognizes an allowance equal to the lifetime expected credit loss.

(X) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(XI) 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 applicable variable selling expenses.

(XII) Investment accounted for using the equity method

1. Subsidiaries refer to entities (including structural entities) under the control of this Company. When this Company is exposed to the participation of variable remunerations for said entities or has rights over such variable remunerations and has the power to impact said remunerations of such entities, the Company controls said entities.
2. Unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of gain or loss after the acquisition of the subsidiary shall be recognized as current gain or loss, and other shares of comprehensive gain or loss after acquisition shall be recognized as other comprehensive gain or loss. When the Company's share of losses of its subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its shareholding percentage.
4. An associate refers to an entity over which the Company has no control but significant influence, typically those in which the Company has at least 20% of the total number of voting shares directly or indirectly. The Company accounts for investment in associates using the equity method and recognizes them at cost upon acquisition.
5. The Company'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 Company's loss in any associate exceeds the equity (including any unsecured receivables) in such an associate, the Company does not recognize further losses except when any legal obligation or constructive obligation is incurred or the Company has made payment on behalf of the associate.
6. 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 Company accounts for such equity changes as "capital surplus" in proportion to its

shareholding percentage.

7. Unrealized gain or loss arising from transactions between the Company and associates has been eliminated in proportion to the Company'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 Company.
8. If the Company loses significant influence over an associate, the Company 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 Company 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.
9. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the current gain or loss in standalone financial statements and other comprehensive gains and losses shall be the same as the current gain or loss and other comprehensive gains and losses attributable to the proportion of the share held by the parent company as listed in the financial report prepared on a consolidated basis. The equity ownership listed in standalone financial statements shall be the same as the equity ownership attributable to the parent company as listed in the individual report prepared on a consolidated basis.

(XIII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequently, costs are only likely to flow into this Company for future economic benefits associated with the project. Only when the project costs can be reliably measured can they be included in the book amount of the asset or recognized as a separate asset. 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:

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

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

1. Lease assets are recognized as right-of-use assets and lease liabilities on the day available for use by the Company. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Company's incremental borrowing rate on the lease commencement date. The lease payments include:

Fixed payments less any rental incentives that may be received 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.

(XV) 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, which is 3-5 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.

(XVI) Impairment of Financial Assets

1. The Company shall target the assets with signs of impairment on the balance sheet date to assess the recoverable amount and recognize the impairment loss when the recoverable amount is lower than its book value. 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.

(XVII) 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.

(XVIII) 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. Because the effect of discount for unpaid-interest short-term accounts and bills payable is small, the Company is measured via the original invoice amount.

(XIX) Convertible corporate bonds payable

The convertible bonds issued by the Company are embedded with conversion rights (i.e. holders have the right to convert the bonds into the Company'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:

1. 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”.

2. 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.
3. 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.
4. 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.
5. 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.

(XX) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled, or they expire.

(XXI) 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.

(XXII) 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.

(XXIII) 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 Company calculates the current income tax based on the tax rates enacted or substantively enacted at the balance sheet date in the nations whereby the operations and taxable income are generated. 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 shareholders resolve to retain the earnings.
3. Deferred income tax is recognized based on the temporary difference between the taxation basis of assets and liabilities and their carrying amounts on the parent company only balance sheet using the balance sheet method. The Company does not recognize a temporary difference if (1) the Company can control the point of time at which it is reversed; and (2) such a temporary difference is not expected to be reversed in the foreseeable future. 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.

(XXIV) 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.

(XXV) 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.

(XXVI) Recognition of revenue

Sale of goods

1. The Company manufactures and sells various electronic components, magnet cores, multilayer wire-wound and other wire-wound products. The sales revenue is recognized when the products' control is transferred to the clients or when the products are delivered to the clients. The clients have discretion over product sales and prices, and the Company has no outstanding performance obligations that may affect the clients' acceptance of the product. 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. Accounts receivable are recognized when the goods are delivered to the customer. Since the Company has unconditional rights to the contract price from that point in time, it is only necessary to collect the consideration from the customer when the time comes.

(XXVII) 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 Company 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.

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

When preparing these standalone 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 sheet 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 (5)3.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Company needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the inventory value is affected by market price fluctuations and life cycle, the Company shall evaluate the amount of the inventory due to obsolescence or no market sales value on the balance sheet date and list the inventory cost as net realizable 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 Company's inventories is \$318,591.

VI. Description of Significant Accounts

(I) Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 355	\$ 361
Checking deposits and demand deposits	841,385	813,353
Time deposits	-	89,059
Commercial paper with repurchase agreement	<u>60,000</u>	<u>-</u>
Total	<u>\$ 901,740</u>	<u>\$ 902,773</u>

1. The Company's financial institutions have good credit quality and have been dealing with several

financial institutions to diversify credit risk. The possibility of default is expected at extremely low.
2. The Company pledged no cash or its equivalent as collateral.

(II) Notes and Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 15,894	\$ 20,966
Accounts Receivable	\$ 727,337	\$ 809,035
Less: Allowance for bad debt	(795)	(795)
Allowance for sales returns and discounts	-	(1,481)
	<u>\$ 726,542</u>	<u>\$ 806,759</u>
Accounts receivable due from related parties	\$ 277,986	\$ 541,943
Less: Allowance for bad debt	(88)	(88)
	<u>\$ 277,898</u>	<u>\$ 541,855</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	\$ 973,234	\$ 15,894	\$ 1,347,498	\$ 20,966
Within 30 days	32,081	-	3,457	-
31~90 days	-	-	1	-
91~180 days	8	-	22	-
	<u>\$ 1,005,323</u>	<u>\$ 15,894</u>	<u>\$ 1,350,978</u>	<u>\$ 20,966</u>

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

- The accounts receivable and notes receivable on December 31, 2023 and 2022 were all derived from contracts with customers. In addition, the balance of accounts receivable from contracts with customers on January 1, 2022 was \$1,947,829.
- Without considering the collateral held or other credit enhancements; the maximum exposure amounts for credit risks that can best represent the Company's bills receivable as of December 31, 2023 and 2022 were \$15,894 and \$20,966, respectively; and the maximum credit risk amounts that can best represent the Company's accounts receivable as of December 31, 2023 and 2022 were \$1,004,440 and \$1,348,614, 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	\$ 20,770	(\$ 2,572)	\$ 18,198
Supplies	3,672	(280)	3,392
Work in process	121,273	(8,211)	113,062
Finished products	31,478	(3,878)	27,600
Goods	<u>163,203</u>	<u>(6,864)</u>	<u>156,339</u>
Total	<u>\$ 340,396</u>	<u>(\$ 21,805)</u>	<u>\$ 318,591</u>

	<u>December 31, 2022</u>		<u>Allowance for</u>	<u>Carrying amount</u>
	<u>Cost</u>		<u>inventory valuation</u>	
Raw materials	\$ 26,045		(\$ 3,208)	\$ 22,837
Supplies	4,503		(195)	4,308
Work in process	87,265		(3,447)	83,818
Finished products	34,164		(2,390)	31,774
Goods	<u>200,055</u>		<u>(4,867)</u>	<u>195,188</u>
Total	<u>\$ 352,032</u>		<u>(\$ 14,107)</u>	<u>\$ 337,925</u>

1. The Company's current inventory cost is recognized as a loss:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 2,428,244	\$ 3,013,781
Inventory falling price loss	7,698	3,707
Others	<u>78,416</u>	<u>19,548</u>
	<u>\$ 2,514,358</u>	<u>\$ 3,037,036</u>

2. There is no inventory pledged as collateral by the Company.

(IV) 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>120,086</u>	<u>79,000</u>
	156,180	132,424
Adjustments for change in value	<u>78,756</u>	<u>9,268</u>
Total	<u>\$ 234,936</u>	<u>\$ 141,692</u>

1. The Company 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 \$234,936 and \$141,692, respectively.

2. The detailed breakdown of financial assets measured at fair value through other comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value</u> <u>through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 107,758</u>	<u>(\$ 79,524)</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

\$ 7,129 \$ 8,541

3. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represents the Company as of December 31, 2023 and 2022. The maximum exposure amounts were \$234,936 and \$141,692, respectively.
4. The Company did not provide financial assets measured at fair value through other comprehensive income as a pledge guarantee.

(V) Investment accounted for using the equity method

<u>Investee Company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary:		
BEST BLISS INVESTMENT LIMITED	\$ 4,062,920	\$ 3,646,494
NORTH STAR INTERNATIONAL LIMITED	89,880	88,159
TECHWORLD ELECTRONICS SINGAPORE PTE.LTD.	91,022	-
Associate:		
APAQ Technology Co., Ltd.	1,463,347	-
JDX Technology Co., Ltd.	<u>7,256</u>	<u>-</u>
	<u>\$ 5,714,425</u>	<u>\$ 3,734,653</u>

1. For information about the subsidiaries of the Company, please refer to Note 4 (3) of the Company's 2023 consolidated financial statements.
2. The shares of profit and loss of related companies recognized using the equity method in 2023 and 2022 were \$423,718 and \$375,761, respectively.
3. Associates (no such transaction as of December 31, 2022)

(1) The basic information of the Company's major affiliates is as follows:

<u>Company name</u>	<u>Main business premises</u>	<u>Shareholding ratio</u>	<u>Nature of relationship</u>	<u>Measuring method</u>
		<u>December 31, 2023</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>APAQ Technology Co., Ltd. and Subsidiaries</u>
	<u>December 31, 2023</u>
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>APAQ Technology Co., Ltd. and Subsidiaries</u> <u>2023</u>
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 Company'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 Company 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 Company varies from that of the above companies, the Company is unable to direct the relevant activities of the above companies, hence no control over it. The Company only has significant influence on the abovementioned, so they are listed as affiliates of the Company.

(VI) Property, plant and equipment
2023

	<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>	<u>Unfinished construction and equipment to be inspected</u>	<u>Total</u>
January 1									
Cost	\$ 777,560	\$ 175,019	\$ 2,185,997	\$ 24,315	\$ 8,282	\$ 26,707	\$ 143,616	\$ 11,516	\$ 3,353,012
Accumulated depreciation and impairment	-	(97,569)	(870,963)	(16,444)	(5,758)	(17,066)	(77,765)	-	(1,085,565)
	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>
January 1	\$ 777,560	\$ 77,450	\$ 1,315,034	\$ 7,871	\$ 2,524	\$ 9,641	\$ 65,851	\$ 11,516	\$ 2,267,447
Addition	-	-	38,984	-	-	3,437	38,698	102,793	183,912
Disposal									
Cost	-	-	(186,767)	-	-	(531)	(1,776)	-	(189,074)
Cumulative Depreciation	-	-	77,672	-	-	531	556	-	78,759
Reclassification (Note)	-	23,955	60,740	-	-	1,288	6,136	(92,188)	(69)
Depreciation expenses	-	(6,340)	(156,711)	(1,035)	(780)	(3,099)	(24,748)	-	(192,713)
December 31	<u>\$ 777,560</u>	<u>\$ 95,065</u>	<u>\$ 1,148,952</u>	<u>\$ 6,836</u>	<u>\$ 1,744</u>	<u>\$ 11,267</u>	<u>\$ 84,717</u>	<u>\$ 22,121</u>	<u>\$ 2,148,262</u>
December 31									
Cost	\$ 777,560	\$ 198,974	\$ 2,098,954	\$ 24,315	\$ 8,282	\$ 30,901	\$ 186,674	\$ 22,121	\$ 3,347,781
Accumulated depreciation and impairment	-	(103,909)	(950,002)	(17,479)	(6,538)	(19,634)	(101,957)	-	(1,199,519)
	<u>\$ 777,560</u>	<u>\$ 95,065</u>	<u>\$ 1,148,952</u>	<u>\$ 6,836</u>	<u>\$ 1,744</u>	<u>\$ 11,267</u>	<u>\$ 84,717</u>	<u>\$ 22,121</u>	<u>\$ 2,148,262</u>

Note: Reclassified into intangible assets.

2022

	<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>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
January 1									
Cost	\$ 777,560	\$ 175,019	\$ 2,286,310	\$ 23,665	\$ 8,282	\$ 27,045	\$ 123,207	\$ 20,739	\$ 3,441,827
Accumulated depreciation and impairment	-	(91,656)	(756,866)	(15,452)	(4,983)	(16,185)	(59,281)	-	(944,423)
	<u>\$ 777,560</u>	<u>\$ 83,363</u>	<u>\$ 1,529,444</u>	<u>\$ 8,213</u>	<u>\$ 3,299</u>	<u>\$ 10,860</u>	<u>\$ 63,926</u>	<u>\$ 20,739</u>	<u>\$ 2,497,404</u>
January 1	\$ 777,560	\$ 83,363	\$ 1,529,444	\$ 8,213	\$ 3,299	\$ 10,860	\$ 63,926	\$ 20,739	\$ 2,497,404
Addition	-	-	2,356	650	-	339	18,600	177,909	199,854
Disposal									
Cost	-	-	(286,549)	-	-	(1,699)	(421)	-	(288,669)
Cumulative Depreciation	-	-	53,343	-	-	1,699	221	-	55,263
Reclassification	-	-	183,880	-	-	1,022	2,230	(187,132)	-
Depreciation expenses	-	(5,913)	(167,440)	(992)	(775)	(2,580)	(18,705)	-	(196,405)
December 31	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>
December 31									
Cost	\$ 777,560	\$ 175,019	\$ 2,185,997	\$ 24,315	\$ 8,282	\$ 26,707	\$ 143,616	\$ 11,516	\$ 3,353,012
Accumulated depreciation and impairment	-	(97,569)	(870,963)	(16,444)	(5,758)	(17,066)	(77,765)	-	(1,085,565)
	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>

1. The capitalized amounts of interest from January 1 to December 31, 2023 and 2022 were both \$0.
2. The major components of the Company's buildings and structures, including buildings and engineering systems, are depreciated over 25 - 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 leased by the Company include buildings, business vehicles, and multi-function peripherals. The lease contract period is usually 3 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Leased assets are not restricted in any way, except that they shall not be used as collaterals for borrowings.
2. The lease term of the buildings and warehouses leased by the Company is less than 12 months. The low-value underlying asset of the Company's lease is the electronic host 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>
Buildings	\$ 9,193	\$ 3,763
Transportation equipment	1,257	2,766
Machinery and equipment	614	971
	<u>\$ 11,064</u>	<u>\$ 7,500</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Buildings	\$ 4,704	\$ 4,390
Transportation equipment	1,509	1,508
Machinery and equipment	356	364
	<u>\$ 6,569</u>	<u>\$ 6,262</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	\$ 14,774	\$ 11,767
Expenses attributable to low-value assets	84	62

5. The increase of the Company's right-of-use assets in 2023 and 2022 were \$10,133 and \$281, respectively.
6. The total lease cash outflow of the Company in 2023 and 2022 was \$21,382 and \$18,091, respectively.

(VIII) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 2,341	\$ 2,244
Prepayments for construction and equipment	2,330	19,239
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible-overdue receivables	(1,252)	(1,252)
	<u>\$ 4,671</u>	<u>\$ 21,483</u>

(IX) Short-term borrowings

<u>Nature of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collaterals</u>
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Bank loan

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

Credit loan	<u>\$ -</u>	-	-
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The interest expense recognized in profit or loss of short-term borrowings in 2023 and 2022 were \$6,756 and \$556, respectively.

(X) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	\$ 89,901	\$ 127,902
Employee compensation and directors' and supervisors' remuneration payable	51,686	95,180
Construction and equipment payable	43,299	26,313
Others	<u>101,265</u>	<u>116,678</u>
	<u>\$ 286,151</u>	<u>\$ 366,073</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 Company 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 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, 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>

<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 monthly 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 monthly 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. Paid monthly 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 2% 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	(8,747)	(8,441)
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
Liquidation loss (gain)	(6,638)	-	(6,638)
	<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	(3,144)	-	(3,144)
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	-	-	-
Liquidation payments	(46,511)	<u>35,390</u>	(11,121)
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>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Effect on the present value of the defined benefit exchange rate	<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.

- (9) The Company is expected to contribute \$0 to the pension plan in 2024.
- (10) The Company 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 in accordance with the "Labor Pension Act," which is applicable to domestic workers. For employees of the Company 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) In 2023 and 2022, the pension cost recognized by the Company in accordance with the above regulations was \$13,025 and \$13,634, 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 and annulment of treasury shares	<u>-</u>	<u>(1,100)</u>

December 31

102,034

102,034

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, 2023, 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>Name of shareholding company</u>	<u>Reason for recovery</u>	<u>December 31, 2022</u>	
		<u>Number of shares (in thousands)</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:

2023

	<u>Issue premium</u>	<u>Recognition of all premiums issued to 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 bonds	-	-	-	-	55,190	55,190
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>	Recognition of all premiums issued to subsidiaries	<u>Consolidation premium</u>	<u>Total</u>
January 1	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 1,886,687
Cancellation of 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 policy determination factors include the industry's environment and the Company's growth stage, future capital needs, financial structure, capital budget, shareholders' interests, balanced dividends, and long-term financial planning. Each year shall remain within the range available for distribution. If the business development is in the active expansion stage, the profitability is expected to grow, and the stock dividend distribution will not significantly dilute the Company's profitability. The Board of Directors shall draft a distribution proposal according to law and submit it to the shareholders' meeting. 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.
5. 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.
6. On February 25, 2022, the Board of Directors resolved to distribute common dividends of \$721,938 (\$7 per share) on the 2021 earnings.
7. On February 24, 2023, the Board of Directors resolved to distribute common dividends of \$612,204 (NTD 6 per share) on the 2022 earnings.
8. 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.
- 9.

(XVII) Other equity items

	<u>2023</u>		<u>Foreign currency</u>	
	<u>Unrealized gains</u>		<u>translation</u>	<u>Total</u>
	<u>(losses)</u>			
January 1	\$ 198,390		(\$ 134,642)	\$ 63,748
Valuation of financial assets at fair value - Group through Other				
Comprehensive Income:				
- 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	-		(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>Foreign currency</u>	
	<u>Unrealized gains</u>		<u>translation</u>	<u>Total</u>
	<u>(losses)</u>			
January 1	\$ 182,350		(\$ 198,797)	(\$ 16,447)
Valuation of financial assets at fair value - Group through Other				
Comprehensive Income:				
- Group	16,040		-	16,040
Exchange differences:				
-Associates	-		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>\$ 3,093,378</u>	<u>\$ 4,179,085</u>

The Company'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	\$ 2,371,941	\$ 2,894,488
Multilayer products	453,641	481,332
LAN transformers	117,472	548,556
Others	<u>150,324</u>	<u>254,709</u>

Total	<u>\$ 3,093,378</u>	<u>\$ 4,179,085</u>
<u>(XIX) Other income</u>		
	<u>2023</u>	<u>2022</u>
Rental income	\$ 10,129	\$ 10,118
Dividends income	7,129	8,541
Subsidies income	175	13
Miscellaneous income	<u>605</u>	<u>6,980</u>
Total	<u>\$ 18,038</u>	<u>\$ 25,652</u>

<u>(XX) Other gains and losses</u>		
	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	\$ 3,143	\$ 11,662
Exchange gains, net	1,780	94,520
Loss of financial assets measured at fair value through profit or loss	1,672	512
Miscellaneous expenses	<u>(4,512)</u>	<u>(3,155)</u>
Total	<u>\$ 2,083</u>	<u>\$ 103,539</u>

(XXI) 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	\$ 237,992	\$ 230,786	\$ 468,778
Depreciation expenses of property, plant and equipment	168,249	24,464	192,713
Depreciation of right-of-use assets	3,005	3,564	6,569
Amortization expenses	3,297	2,531	5,828
	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 307,726	\$ 277,580	\$ 585,306
Depreciation expenses of property, plant and equipment	177,678	18,727	196,405
Depreciation of right-of-use assets	3,006	3,256	6,262
Amortization expenses	3,273	2,038	5,311

(XXII) Employee benefit expense

	<u>2023</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>

Salary and wages	\$ 196,808	\$ 198,500	\$ 395,308
Labor and health insurance expense	23,033	16,096	39,129
Pension expense	6,154	7,356	13,510
Other personnel expense	<u>11,997</u>	<u>8,834</u>	<u>20,831</u>
	<u>\$ 237,992</u>	<u>\$ 230,786</u>	<u>\$ 468,778</u>

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 260,431	\$ 245,728	\$ 506,159
Labor and health insurance expense	26,473	14,978	41,451
Pension expense	7,014	6,856	13,870
Other personnel expense	<u>13,808</u>	<u>10,018</u>	<u>23,826</u>
	<u>\$ 307,726</u>	<u>\$ 277,580</u>	<u>\$ 585,306</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 actual distribution amounts resolved by the Board of Directors were \$41,349 and \$10,337, of which employee remuneration was 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.

(XXIII) Income tax

- Income tax expense

- (1) Income tax expense components:

	<u>2023</u>	<u>2022</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 41,052	\$ 148,616
Additional levy on unappropriated earnings	9,753	12,742
Over-estimate of income tax of the previous period	<u>(7,889)</u>	<u>(26,573)</u>
Total current tax	<u>42,916</u>	<u>134,785</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>1,156</u>	<u>(105)</u>
Income tax expenses	<u>\$ 44,072</u>	<u>\$ 134,680</u>

- (2) Income tax expense amount related to other comprehensive income: None.

(3) Income tax amount directly debited or credited to equity: None.

2. 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	\$ 127,491		\$ 234,643
Impacts on income tax items that must be adjusted according to the tax law	(80,739)		(77,360)
Temporary differences not recognized as deferred tax assets	1,953		-
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	-		(3,111)
Over-estimate of income tax of the previous period	(7,889)		(26,573)
Additional levy on unappropriated earnings	<u>9,753</u>		<u>12,742</u>
Income tax expenses	<u>\$ 44,072</u>		<u>\$ 134,680</u>

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 P/L</u>	<u>December 31</u>
Deferred tax assets			
-Temporary differences:			
Unrealized gains from disposal	<u>\$ 4,357</u>	<u>(\$ 1,156)</u>	<u>\$ 3,201</u>
Deferred tax liabilities			
Reserve for land revaluation increment tax	<u>(\$ 28,572)</u>	<u>\$ -</u>	<u>(\$ 28,572)</u>
Total	<u>(\$ 24,215)</u>	<u>(\$ 1,156)</u>	<u>(\$ 25,371)</u>

	<u>2022</u>		
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>December 31</u>
Deferred tax assets			
-Temporary differences:			
Unrealized gains from disposal	<u>\$ 4,252</u>	<u>\$ 105</u>	<u>\$ 4,357</u>
Deferred tax liabilities			
Reserve for land revaluation increment tax	<u>(\$ 28,572)</u>	<u>\$ -</u>	<u>(\$ 28,572)</u>
Total	<u>(\$ 24,320)</u>	<u>\$ 105</u>	<u>(\$ 24,215)</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:	<u>\$ 18,047</u>	<u>\$ 8,281</u>

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.

(XXIV) Earnings per share (EPS)

	<u>2023</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 593,383	102,034	\$ 5.82
<u>Diluted earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 593,383	102,034	
Dilutive effects of the potential common shares			
Employee compensation	-	472	
Convertible corporate bonds	2,942	1,554	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	\$ 596,325	104,060	\$ 5.73
	<u>2022</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 1,038,537	102,704	\$ 10.11
<u>Diluted earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 1,038,537	102,704	
Dilutive effects of the potential common shares			
Employee compensation	-	1,061	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	\$ 1,038,537	103,765	\$ 10.01

(XXV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

2023

2022

Acquisition of property, plant and equipment	\$	183,912	\$	199,854
Plus: Equipment payable at the beginning of the period		26,313		60,070
Plus: Notes payable at the beginning of the period		37,028		175,408
Add: Prepayments for construction and equipment - ending		2,330		-
Plus: Equipment payable at the end of the period	(	43,299)	(	26,313)
Less: Notes payable at the end of the period	(	5,565)	(	37,028)
Less: Prepayments for construction and equipment - opening	(	19,239)		-
Cash paid in the period	\$	<u>181,480</u>	\$	<u>371,991</u>

(XXVI) Changes in Liabilities Arising from Financing Activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Corporate bonds payable</u>	<u>Total liabilities from financing activities</u>
January 1, 2023	\$ -	\$ 1,126,179	\$ 7,624	\$ -	\$ 1,133,803
Changes from financing cash flows	100,000		(6,524)	1,100,502	1,610,244
Amortization of corporate bonds payable		416,266			
Changes in interest				2,942	2,942
Other non-cash changes	-	-	10,133	(54,749)	(44,616)
December 31, 2023	<u>\$ 100,000</u>	<u>\$ 1,542,445</u>	<u>\$ 11,233</u>	<u>\$ 1,048,695</u>	<u>\$ 2,702,373</u>

	<u>Short-term borrowings</u>	<u>Bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$ 318,914	\$ 20,000	\$ 603,422	\$ 13,605	\$ 955,941
Changes from financing cash flows	(318,914)	(20,000)	522,757	(6,262)	177,581
Other non-cash changes	-	-	-	281	281
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,179</u>	<u>\$ 7,624</u>	<u>\$ 1,133,803</u>

VII. Related Party Transactions

(XXVII) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Company</u>
BEST BLISS INVESTMENTS LIMITED	Being the Company's subsidiary
NORTH STAR TINTERNATIONAL LIMITED	Being the Company's subsidiary
FIXED ROCK HOLDING LTD.	Being the Company's subsidiary

TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Being the Company's subsidiary
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Subsidiary of the Company (Note 1)
TECHWORLD ELECTRONICS (M) SDN. BHD.	Subsidiary of the Company (Note 2)
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
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 Company

Note 1: Established in June 2023.

Note 2: Established in July 2023.

(XXVIII) Significant Transactions with Related Party

1. Operating revenue

	<u>2023</u>		<u>2022</u>
Sale of goods:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 354,986	\$	763,053
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	83,272		135,307
Other related party	<u>286,990</u>		<u>406,098</u>
Total	<u>\$ 725,248</u>	<u>\$</u>	<u>1,304,458</u>

When selling goods to a related party, the price is the same as that for an arm's length transaction, except the price for sales to a subsidiary, in which case the price is negotiated by the Company and the subsidiary. The payment terms also approximate those for ordinarily clients.

2. Purchase

	<u>2023</u>		<u>2022</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 1,382,432	\$	1,481,696
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	436,510		726,440
Other related party	<u>960</u>		<u>4,285</u>
Total	<u>\$ 1,819,902</u>	<u>\$</u>	<u>2,212,421</u>

- (1) The price of commodities purchased by the Company from related parties shall be handled according to general transaction procedures except unless otherwise negotiated by both parties. The payment terms shall be similar to those of general suppliers.
- (2) In 2023, the Company indirectly purchased inventories from TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., of which \$87,194 and \$106,311 were sold by the Company to TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., respectively. But these parts are not included in the sales revenue and cost of the Company.
- (3) In 2022, the Company indirectly purchased inventories from TAIPAQ Electronic Components

(Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., of which \$119,682 and \$234,494 were sold by the Company to TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd., respectively. But these parts are not included in the sales revenue and cost of the Company.

3. Other costs

	<u>2023</u>		<u>2022</u>
Subsidiary	\$	-	\$ 692
Other related party		<u>1,075</u>	<u>158</u>
	<u>\$</u>	<u>1,075</u>	<u>\$ 850</u>

4. Other income

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

5. Lease transactions - lessee

(1) The Company leases buildings from close relatives of key management personnel. The lease contract period is 2023 to 2028. The rent is 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>\$</u>	<u>9,120</u>	<u>\$ 744</u>

(3) Rental expense

	<u>2023</u>		<u>2022</u>
Other related party	\$	-	\$ 6

6. Accounts receivables due from related party

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Accounts receivable:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$	156,844	\$ 325,726
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.		26,276	103,630
Other related party		<u>94,778</u>	<u>112,499</u>
Sub-total		<u>277,898</u>	<u>541,855</u>
Other receivables:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.		-	151,216
Total	<u>\$</u>	<u>277,898</u>	<u>\$ 693,071</u>

7. Accounts payables due to related party

<u>December 31, 2023</u>	<u>December 31, 2022</u>
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Accounts payable:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$	491,585	\$ 517,850
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.		96,587	210,832
Other related party		-	2,666
Sub-total		<u>588,172</u>	<u>731,348</u>
Other payables:			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.		-	17,081
Other related party		100	12
Sub-total		<u>100</u>	<u>17,093</u>
Total	\$	<u>588,272</u>	\$ <u>748,441</u>

8. Asset Transactions

(1) Disposal of real estate, plant, and equipment:

	<u>2023</u>		<u>2022</u>	
	<u>Disposal</u>	<u>Disposal gain</u>	<u>Disposal</u>	<u>Disposal</u>
	<u>proceeds</u>	<u>(loss)</u>	<u>proceeds</u>	<u>gain (loss)</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 107,785	(\$ 2,530)	\$ 196,836	\$ 5,397
Other related party	-	-	279	80
Total	<u>\$ 107,785</u>	<u>(\$ 2,530)</u>	<u>\$ 197,115</u>	<u>\$ 5,477</u>

(2) Acquisition of property, plant, and equipment:

	<u>2023</u>		<u>2022</u>	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 15,222	\$	16,550	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	11,046		-	
Total	<u>\$ 26,268</u>	\$	<u>16,550</u>	

(3) Acquisition of financial assets (no such transaction in 2023)

	<u>Accounting items</u>	<u>Number of share transactions</u>	<u>Transaction targets</u>	<u>2022</u> <u>Acquisition prices</u>
Superworld Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income acquired - non-current	2,000 thousand shares	SFI Electronics Technology Inc.	<u>\$ 40,000</u>

9. Status of endorsement guarantee for related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIPAQ Electronic Components (Si-Hong) Co.,	\$ 153,525	\$ 153,550

Ltd.		
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	61,410	-
Total	<u>\$ 214,935</u>	<u>\$ 153,550</u>

(XXIX) Remuneration to Major Management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 64,640	\$ 94,908
Post-retirement benefits	<u>1,575</u>	<u>1,496</u>
Total	<u>\$ 66,215</u>	<u>\$ 96,404</u>

VIII. Pledged Assets

Assets pledged as collaterals were 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

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	<u>\$ 59,465</u>	<u>\$ 48,654</u>
Computer software	<u>\$ 1,327</u>	<u>\$ 5,649</u>

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Company's capital management are to ensure that the Company continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Company 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	\$	234,936	\$	141,692
Financial assets at amortized cost				
Cash and cash equivalents	\$	901,740	\$	902,773
Notes receivable, net		15,894		20,966
Accounts receivable, net (including those due from related party)		1,004,440		1,348,614
Other receivables (including those due from related party)		9,363		164,215
Refundable deposits (recognized under other non-current assets)		2,341		2,244
	\$	1,933,778	\$	2,438,812

Financial Liabilities

Financial liabilities at amortized cost				
Short-term borrowings	\$	100,000	\$	-
Notes payable		17,459		43,300
Accounts payable (including related party)		662,669		832,741
Other payables (including those due to related party)		286,151		366,073
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
Guarantee deposits (recognized under other non-current liabilities)		1,640		1,640
	\$	3,659,059	\$	2,369,933
Lease liabilities	\$	11,233	\$	7,624

2. Risk management policy

- (1) The Company's daily operations are subject to several financial risks, including market risks (including exchange rate, interest rate, and price risks), credit risks, and liquidity risks. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Company's financial position and financial performance.
- (2) The Board of Directors shall review important financial activities of the Company according to the relevant norms and 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 Company 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.
- B. The management level of the Company has established policies to regulate each company's exchange rate risk concerning its 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. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD, and the functional currency of some subsidiaries is either RMB or USD). So the information on foreign currency assets and liabilities affected by major exchange rate fluctuations due to the exchange rate fluctuation is as follows:

December 31, 2023

	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(New Taiwan Dollars)</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 30,482	30.71	\$ 936,102
RMB : NTD	84,651	4.34	367,385
<u>Non-monetary items</u>			
USD : NTD	138,190	30.71	4,243,822
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 19,764	30.71	\$ 606,952
RMB : NTD	706	4.34	3,064

December 31, 2022

	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(New Taiwan Dollars)</u>
(Foreign currency: functional currency)			
<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
<u>Non-monetary items</u>			
USD : NTD	121,610	30.71	3,734,653
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 24,184	30.71	\$ 742,691
RMB : NTD	3,926	4.41	17,314

- D. The aggregate amount of all exchange gains and losses (including realized and unrealized)

recognized as of January 1 to December 31, 2023 and 2022 for monetary items of the Company that are materially affected by exchange rate fluctuations was \$1,780 and gain on exchange amounted to \$94,520. Since the Company's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

- E. The Company's analysis of the foreign currency market affected by significant exchange rate fluctuations is as follows:

<u>2023</u>			
<u>Sensitivity Analysis</u>			
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income/loss</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 9,361	\$ -
RMB : NTD	1%	3,674	-
<u>Non-monetary items</u>			
USD : NTD	1%	-	42,438
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	6,070	-
USD : RMB	1%	31	-

<u>2022</u>			
<u>Sensitivity Analysis</u>			
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income/loss</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 18,701	\$ -
RMB : NTD	1%	3,837	-
<u>Non-monetary items</u>			
USD : NTD	1%	-	37,347
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	7,427	-
USD : RMB	1%	173	-

Price risk

- A. Since the investments held by the Company are classified as financial assets measured at fair value through other comprehensive income in the balance sheet, the Company is exposed to equity instrument price risks.

- B. The Company mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by future investment target value uncertainties. If the price of these equity instruments increases or decreases by 1%, and all other factors remain unchanged. In that case, the gains or losses on other comprehensive profit and loss classified as equity investments measured at fair value from January 1 to December 31, 2023 and 2022 through other comprehensive income would increase or decrease by \$2,349 and \$1,417, respectively.

Cash flow and fair value interest rate risk

- A. The company's interest rate risk mainly comes from short-term and long-term loans issued at floating rates. It exposes the Company to cash flow interest rate risks, part of which is offset by cash held at floating rates. For January 1 to December 31, 2023 and 2022, the Company's borrowings at floating interest rates were mainly denominated in NTD.
- B. When the interest rate of NTD borrowings increased or decreased by 1%, and all other factors remained unchanged, the net after tax for January 1 to December 31, 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. The Company's credit risk refers to the risk of financial losses due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations. It mainly comes from the inability of counterparties to pay off accounts receivable in accordance with the collection terms of the collection agreements.
- B. The Company has established credit risk management from the Company's perspective. As the internal credit approval policy stipulates, an operating entity within the Company 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 Company adopts IFRS 9 to provide prerequisite assumptions. When the contract payment is more than 30 days overdue according to the agreed payment terms, the financial asset credit risk is deemed to have increased significantly since the original recognition.
- D. When the counterparty has a significant delay in repayment, it is deemed to have breached the contract according to the Company's credit risk management procedures.
- E. The Company shall write off the amount of financial assets that cannot be reasonably expected to be recovered after the recourse procedure. The Company shall continue to execute legal recourse procedures to preserve the creditors' rights. The Company's written-off claims with recourses still active as of December 31, 2023 and 2022 were both \$0.
- F. The Company shall divide the clients' accounts receivable into groups based on rating features. The simplified method is to prepare a matrix to estimate the expected credit losses.
- G. The Company takes into account the future outlook and adjusts the loss rate based on historical and current information in a specific period to estimate the allowance for losses of accounts receivable. The allowance matrix 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</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	0.00%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 989,128</u>	<u>\$ 32,081</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$1,022,469</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 737</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 2,135</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</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>\$ 1,368,464</u>	<u>\$ 3,457</u>	<u>\$ 1</u>	<u>\$ 22</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 733</u>	<u>\$ 127</u>	<u>\$ 1</u>	<u>\$ 22</u>

H. The table of changes in the allowance for losses of accounts receivable adopted by the Company's simplified approach is as follows:

	<u>2023</u>			
	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 1,252</u>	<u>\$ 2,135</u>

	<u>2022</u>			
	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 1,252</u>	<u>\$ 2,135</u>

(3) Liquidity risk

A. Cash flow forecasting is performed by individual operating entities within the Company and is aggregated by the Company's management department. Administration Department of the Company monitors the forecast of the Company's liquidity needs, so as to ensure that it has sufficient fund to meet operating needs and maintains sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Company'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 shows the Company's non-derivative financial liabilities groups according to the relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual 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	17,459	-	-	-
Accounts payable	74,497	-	-	-
Accounts payables to related parties	588,172	-	-	-
Other payables	286,151	-	-	-

(including those due to related party)					
Lease liability	4,051	2,199	4,983	-	
(including the portion with maturity in one year)					
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	
<u>Non-derivative financial liabilities:</u>					
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>	
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	
Short-term notes and bills payable	-	-	-	-	
Notes payable	43,300	-	-	-	
Accounts payable	101,393	-	-	-	
Accounts payables to related parties	731,348	-	-	-	
Other payables (including those due to related party)	366,073	-	-	-	
Lease liability (including the portion with maturity in one year)	5,511	1,855	258	-	
Long-term borrowings (including the portion with maturity in one year)	51,295	50,729	597,055	505,298	

C. The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at a significantly different amount.

(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 Company'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
Management of the Company thinks that the carrying amount of cash and cash equivalents, notes receivable, accounts receivables, other receivables, and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.
- The Company classifies the financial and non-financial instruments measured at fair value based on the assets and liabilities' nature, characteristics, risks, and fair value levels. The relevant information is as follows:

- (1) The Company is classified according to the nature of its assets and liabilities. The relevant information is 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 at fair value through other comprehensive income				
Equity-based securities	<u>\$ 116,876</u>	<u>\$ -</u>	<u>\$ 118,060</u>	<u>\$ 234,936</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 at fair value through other comprehensive income				
Equity-based securities	<u>\$ 83,412</u>	<u>\$ -</u>	<u>\$ 58,280</u>	<u>\$ 141,692</u>

- (2) The methods and assumptions used by the Company to measure fair value are as follows:
- A. The company uses the market price as the fair value input value (i.e., Level 1) according to the features of the tool 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 balance sheet 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 Company. 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>
January 1	<u>Equity-based securities</u> \$ 58,280	<u>Equity-based securities</u> \$ -
Gains or losses recognized in other comprehensive income		
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	18,695	(20,720)
Purchase of current period	<u>41,085</u>	<u>79,000</u>

December 31

\$ 118,060 \$ 58,280

6. There was no transfer in or out from Level 3 in 2023 and 2022.
7. The management department is responsible for the independent fair value verification of the Company's financial instruments to evaluate the fair value classified as Level 3. Independent source materials allow the evaluation results to closely reflect the market status. The source of the verification data must be independent, reliable, consistent with other resources, and implement any other necessary fair value adjustments to ensure that the valuation results are reasonable.
8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	<u>December 31, 2023</u>		<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	\$ 118,060	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	<u>December 31, 2022</u>		<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	\$ 58,280	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

9. The Company has carefully evaluated and selected the evaluation model and evaluation parameters. However, using different evaluation models or parameters may result in different evaluation results. 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 P/L</u>		<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets	<u>Inputs</u>	<u>Changes</u>			
Equity instruments	\$ 143,786	±1%	\$ -	\$ -	\$ 1,280 (\$ 1,280)

		<u>December 31, 2022</u>			
		<u>Recognized in P/L</u>		<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets	<u>Inputs</u>	<u>Changes</u>			
Equity instruments	\$ 72,862	±1%	\$ -	\$ -	\$ 720 (\$ 720)

(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

(V) 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. Significant Inter-company Transactions during the Reporting Period. Refer to Table 7 for details.

(VI) Information on Indirect Investment

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

(VII) 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.

(VIII) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

XIV. Segment Information

Not applicable.

Tai-Tech Advanced Electronics Co., Ltd.
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 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.
Endorsements/guarantees
January 1 to December 31, 2023

Unit: NTD thousand

(unless otherwise specified)

Table 2

No.	Endorsements/ guarantees	Endorsed/guaranteed party name		Limits on	Balance of maximum		Ending balance of	Amount actually	Amount of	Ratio of	Maximum amount	Endorsement/ guarantee	Endorsement/ guarantee	Endorsement/ guarantee	Remarks
		Provider	Relationship	endorsement/ guarantee amount provided (Note)	amount of endorsement/ guarantee of the period	endorsement/ guarantee				drawn						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.

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		
	Short-term bills payable:							
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.

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		<u>Financial statement account</u>	<u>Transaction counterpart</u>	<u>Relationship</u>	<u>Beginning balance</u>		<u>Purchase</u>		<u>Number of shares (in thousands)</u>	<u>Disposal</u>			<u>Ending balance (Note 2)</u>	
<u>Buyer/Seller</u>	<u>Type and name</u>				<u>Number of shares (in thousands)</u>	<u>Amount</u>	<u>Number of shares (in thousands)</u>	<u>Amount</u>		<u>Selling price</u>	<u>Book cost</u>	<u>Disposal gains or losses</u>	<u>Number of shares (in thousands)</u>	<u>Amount</u>
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.

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>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>Payment terms</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-subsidiary	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-subsidiary	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-subsidiary	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.

Tai-Tech Advanced Electronics Co., Ltd.
 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>Amounts received from related parties in subsequent period</u>	<u>Allowance for Impairment Loss</u>
			<u>related party</u>	<u>related party</u>		<u>Amount</u>	<u>Treatment method</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.

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.

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 investment		Remarks
				End of current period	End of last year	Number of shares (in thousands)	Percentage	Carrying amount	Current profit/loss of investee	profit/loss recognized	
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.
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	Accumulated outward	Outward remittance or		Cumulative outward	Current	Ownership	Current Investment	Carrying amount at	Accumulated	Remarks
				remittance for investment from Taiwan at beginning of the current period	repatriation for investment	remittance of the investment amount from Taiwan in the period end (Note 8)	percentage of direct or indirect investment		profit/loss investee recognized (Note 4)			end of the period (Note 4)		repatriation of investment income as of end of the current period
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)	\$ 56,432	100%	\$ 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)	246,597	100%	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)	-	-	-	-	-	-	-	-	-	
	Accumulated outward remittance for investment	Investment amount	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA										
Provider	Amount of investment in Mainland China (Note 5, Note 6)	Approved investment amount (Note 7)											
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.

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.

Tai-Tech Advanced Electronics Co., Ltd.
Cash and cash equivalents
December 31, 2023

Unit: NTD thousand

Schedule 1

Items	Summary	Amount	Remarks
Petty cash		\$ 210	
Cash		145	
Commercial paper with repurchase agreement		60,000	
Bank deposits			
Time deposits - NTD		472,625	
Time deposits - Foreign currency	USD 5,669 thousand exchange rate 30.71	174,076	
	RMB 44,836 thousand exchange rate 4.34	194,373	
	Others	311	
Total		<u>\$ 901,740</u>	

Tai-Tech Advanced Electronics Co., Ltd.
Accounts Receivable
December 31, 2023

Schedule 2

Unit: NTD thousand

<u>Name of client</u>	Amount	Remarks
Accounts Receivable		
B.I.	\$ 154,856	
P.C.	58,784	
G.T.	58,548	
Others	455,149	The balance of each sporadic customer does not exceed 5% of the subject amount
	727,337	
Less: Allowance for bad debt	(795)	
	726,542	
Accounts receivable due from related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	156,844	
Superworld Electronics (S) Pte. Ltd,	72,270	
Others	48,872	The balance of each sporadic customer does not exceed 5% of the subject amount
	277,986	
Less: Allowance for bad debt	(88)	
	277,898	
	<u>\$ 1,004,440</u>	

Tai-Tech Advanced Electronics Co., Ltd.
Inventory
December 31, 2023

Schedule 3

Unit: NTD thousand

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Cost</u>	<u>Market price</u>	
Raw materials	\$ 20,770	\$ 18,806	
Supplies	3,672	3,392	
Work in process	121,273	169,243	
Finished products	31,478	36,128	
Goods	<u>163,203</u>	<u>181,099</u>	
Sub-total	340,396	<u>\$ 408,668</u>	
Less: allowance for loss for market price decline and obsolete and slow- moving inventories	(<u>21,805</u>)		The lower cost and net realizable value method is adopted for item-by-item comparison.
Total	<u>\$ 318,591</u>		

Tai-Tech Advanced Electronics Co., Ltd.
Investment accounted for using the equity method
January 1 to December 31, 2023

Schedule 4

Unit: NTD thousand

Name	<u>Beginning balance</u>		<u>Increase</u>		<u>Decrease</u>		<u>Number of shares</u> <u>(in thousands)</u>	<u>Ending balance</u>		<u>Market price or net value</u>	
	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Number of shares (in</u> <u>thousands)</u>	<u>Amount</u>	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>		<u>Shareholdings</u> <u>Percentage</u>	<u>Amount</u>	<u>Unit (NTD)</u>	<u>Total price</u>
BEST BLISS INVESTMENTS LIMITED	34,250	\$ 3,646,494	-	\$ 416,426	-	\$ -	34,250	100%	\$ 4,062,920	119	\$ 4,062,920
NORTH STAR INTERNATIONAL LIMITED	100	88,159	-	1,721	-	-	100	100%	89,880	899	89,880
TECHWORLD ELECTRONICS SINGAPORE PTE.LTD.	-	-	3,000	96,045	-	(5,023)	3,000	60%	91,022	30	91,022
APAQ Technology Co., Ltd.	-	-	25,000	1,463,347	-	-	25,000	28.10%	1,463,347	69.5	1,737,500
JDX Technology Co., Ltd.	-	-	800	<u>8,000</u>	-	<u>(744)</u>	800	26.67%	<u>7,256</u>	9	7,256
		<u>\$ 3,734,653</u>		<u>\$ 1,985,539</u>		<u>(\$ 5,767)</u>			<u>\$ 5,714,425</u>		

Tai-Tech Advanced Electronics Co., Ltd.
Accounts payable
December 31, 2023

Schedule 5

Unit: NTD thousand

Manufacturer name	Amount	Remarks
Accounts payable		
Others	\$ 74,497	Average balance for each sporadic manufacturer does not exceed 5% of the subject amount
Accounts payables to related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	491,585	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	96,587	
	588,172	
	<u>\$ 662,669</u>	

Schedule 6

Tai-Tech Advanced Electronics Co., Ltd.
Corporate bonds payable
December 31, 2023

Unit: NTD thousand

Amount

<u>Bond name</u>	<u>Trustee</u>	<u>Interest</u>			<u>Total issuance</u> <u>amount</u>	<u>Amount already</u> <u>repaid</u>	<u>Ending balance</u>	<u>Unamortized</u>		<u>Method of repayment</u>	<u>Guarantee</u> <u>status</u>	<u>Remarks</u>
		<u>Date of</u> <u>issue</u>	<u>payment</u> <u>date</u>	<u>interest rate</u>				<u>premium</u>	<u>(discount)</u>				Carrying amount
1st unsecured convertible corporate bonds in 2023	E.SUN COMMERCIAL BANK,LTD.	112/10/31	None	0%	\$ 1,100,000	\$ -	\$ 1,100,000	(\$ 51,305)	\$ 1,048,695	Repayable in cash at maturity in one lump sum based on the bond face value	None	

Tai-Tech Advanced Electronics Co., Ltd.
Operating revenue
January 1 to December 31, 2023

Schedule 7

Unit: NTD thousand

Item	Quantity	Amount	Remarks
Revenue from wire-wound products	2,191,020 thousand pieces	\$ 2,408,712	
Revenue from multilayer products	6,848,086 thousand pieces	459,085	
Revenue from LAN transformers	317,164 thousand pieces	123,115	
Others		150,777	
		3,141,689	
Less: Returned goods		(11,654)	
Sales discount		(36,657)	
Total		<u>\$ 3,093,378</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Operating costs

January 1 to December 31, 2023

Schedule 8

Unit: NTD thousand

Item	Amount
Goods at the beginning of the period	\$ 200,055
Plus: Current period cargo entry	1,834,917
Goods transferred in	5,909
Less: Closing commodity	(163,203)
Transferred to expense	(1,656)
Inventory retired	(919)
Others	84
Cost of purchase	1,875,187
Raw materials at the beginning of the period	26,045
Plus: Current feed	141,209
Less: Transfer to expense	(20,798)
Costs to sale of raw materials	(13,142)
Goods transferred in	(5,909)
Inventory retired	(179)
Raw materials at the end of the period	(20,770)
Raw materials consumed	106,456
Supplies at the beginning of the period	4,503
Plus: Current feed	41,847
Less: Transfer to expense	(35,646)
Costs to sale of supplies	(7,032)
Supplies at the end of the period	(3,672)
Supplies consumed	-
Direct labor	156,298
Manufacturing overhead	486,443
manufacturing cost	749,197
Plus: Initial work in progress	87,265
Purchase of raw materials	208
Less: Transfer to expense	(1,710)
Costs to sale of work in progress	(36,439)
Inventory retired	(233)
Others	(148,832)
Work in progress at the end of the period	(121,273)
Cost of finished products	528,183

Tai-Tech Advanced Electronics Co., Ltd.
Operating costs (continued)
January 1 to December 31, 2023

Schedule 8

Unit: NTD thousand

Finished products at the beginning of the period		34,164
Less: Transfer to expense	(	380)
Inventory retired	(	239)
Others	(	33,806)
Finished products at the end of the period	(	<u>31,478)</u>
Cost of goods sold		<u>496,444</u>
Other operating costs		
Plus: Raw material sales costs	\$	13,142
Costs to sale of supplies		7,032
Costs to sale of work in progress		36,439
Inventory obsolescence and valuation loss		7,698
Retirement		1,570
Others		77,859
Less: Scrape income	(	<u>1,013)</u>
Other operating costs		<u>142,727</u>
Operating costs	\$	<u><u>2,514,358</u></u>

Tai-Tech Advanced Electronics Co., Ltd.
Operating expenses
January 1 to December 31, 2023

Schedule 9

Unit: NTD thousand

Items	Summary	Amount	Remarks
Selling and marketing expenses			
Salary and wages expense		\$ 91,019	
Lease expenses		14,112	
Export charges		11,752	
Insurance premium		10,568	
Other expenses		72,967	
		200,418	
General and administrative expenses			
Salary and wages expense		75,323	
Professional service fees		13,957	
Depreciation		8,347	
Other expenses		32,856	
		130,483	
Research and development expenses			
Salary and wages expense		32,158	
Depreciation		13,626	
Research and development expenses		12,698	
Repair and maintenance expense		8,532	
Hydroelectric gas fees		4,264	
Other expenses		13,879	
		85,157	
Expected credit impairment gain		-	
Total operating expenses		<u>\$ 416,058</u>	

Tai-Tech Advanced Electronics Co., Ltd.
Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization
January 1 to December 31, 2023

Schedule 10

Unit: NTD thousand

Nature	Function	2023			2022		
		Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense							
Salary and wages		\$ 196,808	\$ 175,955	\$ 372,763	\$ 260,431	\$ 209,721	\$ 470,152
Labor and health insurance expense		23,033	16,096	39,129	26,473	14,978	41,451
Pension expense		6,154	7,356	13,510	7,014	6,856	13,870
Directors' remuneration		-	22,545	22,545	-	36,007	36,007
Other employee benefits expenses		11,997	8,834	20,831	13,808	10,018	23,826
Depreciation (including right-of-use assets)		171,254	28,028	199,282	180,684	21,983	202,667
Amortization expenses		3,297	2,531	5,828	3,273	2,038	5,311

- Notes: 1. The number of employees for the current year and the previous year were 523 and 546, respectively, of which the number of directors who did not serve as employees concurrently was 9 and 9, respectively.
2. A company whose stock is listed on a stock exchange or an OTC securities trading center shall additionally disclose the following information:
- (1) The average employee benefits expense for the year was \$868 (“total amount of employee benefits expense for this year - the total amount of director's remuneration” / “number of employees for this year - number of directors who did not hold concurrent posts”).
The average employee benefit expense last year was \$1,023, calculated as: (“Total employee benefits expense last year - Total directors' remuneration” / “Number of employees last year - Number of employees not concurrently serving as a director”).
 - (2) The average employee salary cost for this year is \$725 (total salary cost for this year / “number of employees for this year - number of directors who are not also employees”).
The average employee salary cost in the previous year was \$876 (total salary cost in the previous year / “number of employees in the previous year - number of directors who did not serve as employees concurrently”).
 - (3) The average employee salary cost adjustment changes were decreased by 17% (“average employee salary expense for the current year - average employee salary expense for the previous year” / average employee salary expense for the previous year).
 - (4) The Company has established an audit committee and does not appoint supervisors according to the law. The supervisor's remuneration for this year is NTD 0, and the supervisor's remuneration for the previous year was NTD 0.
 - (5) Please describe the Company's remuneration policy (including directors, supervisors, managers, and employees).
 - A. The remuneration of directors and supervisors includes remuneration, traveling expenses, business execution expenses, and remuneration for profit distribution. The remuneration for profit distribution is stipulated in the Company's articles of incorporation.
 - B. The remuneration of general and deputy general managers includes salaries, bonuses, and employee remuneration, which shall be based on the position, responsibility, and contribution to the Company and are subject to discretion.
 - C. The employee remuneration policy is determined based on personal ability, contribution to the Company, performance, and the Company's future operating risks. The Company abides by the Company Act and its Articles of Incorporation to appropriate a certain percentage of pre-tax income as employee compensation, which is distributed in the middle of the following year. The Company also appropriates a fixed percentage of post-tax earnings as employee bonuses, which are distributed before the Chinese New Year's Eve, and is reflective of the Company's business performance and outcomes.