

ABC Taiwan Electronics Corp

Parent Company Only Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To: ABC Taiwan Electronics Corp

Audit opinion

We have audited the accompanying Parent Company Only Statements Of Balance Sheet of ABC Taiwan Electronics Corp of December 31 2023 and 2022, and the related standalone statement of income, standalone statement of changes in shareholders equity, Parent Company Only Statements Of Cash Flows, and Notes of the Parent Company Only Financial Statements (including major accounting policies) for the years then ended.

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of ABC Taiwan Electronics Corp as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the Parent Company Only Financial Statements. We are independent of ABC Taiwan Electronics Corp. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Parent Company Only Financial Statements of ABC Taiwan Electronics Corp for the year 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and by forming of our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the ABC Taiwan Electronics Corp's Parent Company Only Financial Statements for the year 2023 are stated as follows:

Key audit matters – recognition of revenue

The main source of income of ABC Taiwan Electronics Corp is from the design, development, and manufacturing of inductance components, ceramic heat sinks, and various precision metal stamping parts, the income from the sale of these products. The 2023 operating revenue in net was NT\$1,774,856 thousand. For the accounting policies and information related to revenue recognition, please refer to Notes IV and XIX to the Parent Company Only Financial Statements. Due to the significant decline in operating revenue of ABC Taiwan Electronics Corp this year, the recognition of the sales revenue from new major customers in the current year is included as a key audit matter for the current year.

The appropriate audit procedures

The main audit procedures that we have implemented include:

1. Understand and evaluate the appropriateness of the internal control design and execution for the operating revenue recognition.
2. Testing is conducted on sales revenue and relevant transaction vouchers and payment receipts are sampled and checked to confirm the authenticity of the sales revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance. Still, it is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of ABC Taiwan Electronics Corp's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Draw conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ABC Taiwan Electronics Corp's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ABC Taiwan Electronics Corp to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the Parent Company Only Financial Statements, (including the related notes), and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the standalone financial information or business activities of ABC Taiwan Electronics Corp to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the 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 Norms of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, (and where applicable, related safeguards).

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

Deloitte & Touche
Ya-Yun Chang, CPA

Tung-Hui Yeh, CPA

FSC approval reference number
Jin-Guan-Zheng-Shen-Zi No. 1110348898

FSC approval reference number
Jin-Guan-Zheng-Shen-Zi No. 0980032818

March 11, 2024

ABC Taiwan Electronics Corporation
Parent Company Only Statements Of Balance Sheet
December 31, 2023 and 2022

Unit: NTS'000

Code	Assets	December 31, 2023		December 31, 2022		Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Note VI)	\$ 462,854	15	\$ 470,745	16	2100	Short-term borrowings (Note XV)	\$ 230,000	8	\$ 190,000	6
1170	Notes and accounts receivable, net (Note VIII)	87,602	3	152,987	5	2110	Commercial paper payable (Note XV)	59,927	2	-	-
1180	Accounts receivable - related parties (Notes VIII and XXV)	109,371	4	199,441	7	2170	Notes and accounts payable	24,781	1	43,492	2
1200	Other receivables	10,870	-	14,582	-	2180	Accounts receivable - related parties (Notes XXV)	139,479	4	270,431	9
1210	Other receivables - related parties (Note XXV)	352	-	5	-	2206	Employees' compensation and remuneration of directors payable (Note XX)	11,285	-	56,202	2
130X	Inventories (Note IX)	57,405	2	96,290	3	2219	Other payables (Notes XVI and XXV)	55,925	2	58,381	2
1410	Prepayments	18,328	1	7,861	-	2220	Other payable - related parties (Note XXV)	540	-	-	-
1470	Other current assets (Note XIV)	837	-	4	-	2230	Current income tax liabilities (Note XXI)	25,673	1	36,070	1
11XX	Total current assets	<u>747,619</u>	<u>25</u>	<u>941,915</u>	<u>31</u>	2280	Lease liabilities - current (Note XII)	178	-	582	-
	Non-current assets					2322	Long-term loans with maturity within one year (Notes XV and XXVI)	211,653	7	155,903	5
1517	Financial Assets at Fair Value through Other Comprehensive Income - non-current (Note VII)	39,189	1	27,412	1	2399	Other current liabilities (Notes XVI and XIX)	1,902	-	2,157	-
1550	Investment under equity method (Note X)	1,121,113	37	1,221,313	40	21XX	Total of current liabilities	<u>761,343</u>	<u>25</u>	<u>813,218</u>	<u>27</u>
1600	Property, plant and equipment (Notes XI, XXVI and XXVII)	893,960	30	764,019	25		Non-current liabilities				
1755	Right-of-use assets (Note XII)	251	-	829	-	2540	Long-term loans (Notes XV and XXVI)	668,751	22	626,870	21
1780	Intangible assets (Note XIII)	25,952	1	31,913	1	2570	Deferred income tax liabilities (Note XII)	88,889	3	101,521	3
1915	Prepayment for equipment purchase	56,390	2	48,908	2	2580	Lease liabilities - non-current (Note XII)	77	-	255	-
1960	Prepaid investments (Note X)	119,606	4	-	-	2640	Net defined benefit liabilities - non-current (Note XVII)	-	-	1,273	-
1975	Net defined benefit assets - non-current (Note XVII)	6,585	-	-	-	25XX	Total non-current liabilities	<u>757,717</u>	<u>25</u>	<u>729,919</u>	<u>24</u>
1990	Other non-current assets (Note XIV)	3,046	-	3,036	-	2XXX	Total liabilities	<u>1,519,060</u>	<u>50</u>	<u>1,543,137</u>	<u>51</u>
15XX	Total non-current assets	<u>2,266,092</u>	<u>75</u>	<u>2,097,430</u>	<u>69</u>		Equity (Note XVIII)				
							Share capital				
						3110	Common stock share capital	1,050,006	35	929,209	30
						3200	Additional paid-in capital	181,063	6	181,063	6
							Retained earnings				
						3310	Legal reserve	148,446	5	126,229	4
						3320	Special reserves	128,123	4	134,226	5
						3350	Undistributed earnings	139,158	5	253,605	8
						3300	Total retained earnings	415,727	14	514,060	17
						3400	Other equity items	(152,145)	(5)	(128,124)	(4)
						3XXX	Total equity	<u>1,494,651</u>	<u>50</u>	<u>1,496,208</u>	<u>49</u>
1XXX	Total assets	<u>\$ 3,013,711</u>	<u>100</u>	<u>\$ 3,039,345</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,013,711</u>	<u>100</u>	<u>\$ 3,039,345</u>	<u>100</u>

The accompanying notes form part of the Parent Company Only Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corp
Parent Company Only Statements Of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand,
except Earnings Per Share at NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Net operating revenue (Notes XIX and XXV)	\$ 1,774,856	100	\$ 2,767,383	100
5000	Operating cost (Notes IX, XX and XXV)	<u>1,402,541</u>	<u>79</u>	<u>2,320,066</u>	<u>84</u>
5900	Gross profit	<u>372,315</u>	<u>21</u>	<u>447,317</u>	<u>16</u>
	Operating expenses (Notes XX and XXV)				
6100	Sales and marketing expenses	54,047	3	55,703	2
6200	Management expenses	155,538	9	170,049	6
6300	R&D expenses	<u>64,041</u>	<u>3</u>	<u>62,043</u>	<u>2</u>
6000	Total operating expenses	<u>273,626</u>	<u>15</u>	<u>287,795</u>	<u>10</u>
6900	Operating profit	<u>98,689</u>	<u>6</u>	<u>159,522</u>	<u>6</u>
	Non-operating income and expenses				
7100	Interest revenue (Note XX)	6,633	-	650	-
7010	Other income (Note XX)	969	-	1,615	-
7020	Other gains and losses (Notes XX and XXV)	30,550	2	69,689	2
7050	Financial costs (Note XX)	(17,341)	(1)	(9,935)	-
7070	Share of profit and loss of subsidiaries accounted for under the equity method	(<u>64,402</u>)	(<u>4</u>)	<u>52,856</u>	<u>2</u>
7000	Total non-operating income and expenses	(<u>43,591</u>)	(<u>3</u>)	<u>114,875</u>	<u>4</u>
7900	Pre-tax profit	55,098	3	274,397	10
7950	Income tax expenses (Note XXI)	(<u>17,742</u>)	(<u>1</u>)	(<u>66,373</u>)	(<u>3</u>)
8200	Net income for the year	<u>37,356</u>	<u>2</u>	<u>208,024</u>	<u>7</u>

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan (Note XVII)	\$ 7,409	-	\$ 14,142	1
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note XVIII)	11,777	1	(21,383)	(1)
8360	Items that may be reclassified subsequently as profit or loss				
8361	Exchange difference on translation of financial statements of foreign operations (Note XVIII)	(35,798)	(2)	27,486	1
8300	Total other comprehensive income	(16,612)	(1)	20,245	1
8500	Total comprehensive income for the year	<u>\$ 20,744</u>	<u>1</u>	<u>\$ 228,269</u>	<u>8</u>
	Earnings per share (Note XXII)				
9750	Basic	<u>\$ 0.36</u>		<u>\$ 1.98</u>	
9850	Diluted	<u>\$ 0.35</u>		<u>\$ 1.94</u>	

The accompanying notes form part of the Parent Company Only Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corp
Parent Company Only Statements Of Changes In Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand,
unless stated otherwise

Code		Share capital		Additional paid-in capital	Retained earnings			Other equity		Total equity
		Shares (in thousand)	Amount		Legal reserve	Special reserves	Undistributed earnings	Exchange difference on translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or (loss)	
A1	Balance as of January 1, 2022	92,921	\$ 929,209	\$ 181,063	\$ 116,997	\$ 104,989	\$ 125,661	(\$ 170,224)	\$ 35,997	\$ 1,323,692
	Distribution of earnings for 2021									
B1	Legal reserve	-	-	-	9,232	-	(9,232)	-	-	-
B3	Special reserves	-	-	-	-	29,237	(29,237)	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(55,753)	-	-	(55,753)
D1	Net income for the year ended December 31, 2022	-	-	-	-	-	208,024	-	-	208,024
D3	2022 Total other comprehensive income	-	-	-	-	-	14,142	27,486	(21,383)	20,245
D5	2022 Total comprehensive income	-	-	-	-	-	222,166	27,486	(21,383)	228,269
Z1	Balance as of December 31, 2022	92,921	929,209	181,063	126,229	134,226	253,605	(142,738)	14,614	1,496,208
	Distribution of earnings for 2022									
B1	Legal reserve	-	-	-	22,217	-	(22,217)	-	-	-
B3	Special reserves	-	-	-	-	(6,103)	6,103	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(22,301)	-	-	(22,301)
B9	Shareholder stock dividends	12,080	120,797	-	-	-	(120,797)	-	-	-
D1	2023 net income	-	-	-	-	-	37,356	-	-	37,356
D3	2023 Total other comprehensive income	-	-	-	-	-	7,409	(35,798)	11,777	(16,612)
D5	2023 Total comprehensive income	-	-	-	-	-	44,765	(35,798)	11,777	20,744
Z1	Balance as of December 31, 2023	<u>105,001</u>	<u>\$ 1,050,006</u>	<u>\$ 181,063</u>	<u>\$ 148,446</u>	<u>\$ 128,123</u>	<u>\$ 139,158</u>	<u>(\$ 178,536)</u>	<u>\$ 26,391</u>	<u>\$ 1,494,651</u>

The accompanying notes form part of the Parent Company Only Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corp
Parent Company Only Statements Of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Profit before tax for the current year	\$ 55,098	\$ 274,397
A20010	Income and expenses items:		
A20100	Depreciation expense	49,338	39,722
A20200	Amortized expenses	14,069	10,634
A20900	Financial cost	17,341	9,935
A21200	Income from interest	(6,633)	(650)
A21300	Dividend income	(969)	(1,615)
A22300	Share of profit and loss of subsidiaries accounted for under the equity method	64,402	(52,856)
A22500	Loss from disposal of property, plant and equipment	53	-
A23700	Loss on inventory devaluation and obsolescence	6,145	2,470
A24100	Net gains on foreign currency exchange	(7,143)	(43,455)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	69,775	36,090
A31160	Accounts receivable - related parties	90,070	(23,489)
A31180	Other receivables	3,712	(2,558)
A31190	Other receivables - related parties	(347)	(5)
A31200	Inventory	32,740	6,570
A31230	Prepayments	(10,467)	(3,522)
A31240	Other current assets	(833)	758
A31990	Other assets	-	(137)
A32130	Notes and accounts payable	(15,896)	1,101
A32160	Accounts payable - related parties	(130,952)	33,604
A32180	Other payables	(8,430)	6,433
A32190	Other payables - related parties	540	-
A32200	Liability reserve	2,018	-
A32230	Other current liabilities	(255)	112
A32240	Net defined benefit liability	(449)	(497)
A32990	Employees' compensation and remuneration of directors payable	(44,917)	30,628
A33000	Cash from operations	178,010	323,670
A33100	Interest received	6,633	650
A33200	Dividends received	969	1,615
A33300	Interest paid	(17,341)	(9,935)
A33500	Income tax paid	(40,771)	(17,777)
AAAA	Net cash inflow from operating activities	<u>127,500</u>	<u>298,223</u>

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Code		2023	2022
	Cash flows from investing activities		
B01800	Investment under equity method acquired	-	(74,070)
B02000	Increase in prepaid investments	(119,606)	-
B02700	Acquisition of property, plant and equipment	(174,816)	(178,940)
B03700	Increase in refundable deposits	(10)	(39)
B04500	Acquisition of intangible assets	(8,108)	(10,435)
B07100	Increase in prepaid equipment purchase	(<u>7,482</u>)	(<u>2,874</u>)
BBBB	Net cash outflow from investing activities	(<u>310,022</u>)	(<u>266,358</u>)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	1,450,000	1,280,000
C00200	Decrease in short-term borrowings	(1,410,000)	(1,380,000)
C00500	Increase in short-term bills payable	59,927	-
C00600	Decrease in short-term notes payable	-	(100,000)
C01600	Proceeds from long-term debt	413,740	483,571
C01700	Repayments of long-term debt	(316,109)	(207,518)
C04020	Repayment of lease liability principal	(582)	(525)
C04500	Distribution of cash dividends	(<u>22,301</u>)	(<u>55,753</u>)
CCCC	Net cash inflow from financing activities	<u>174,675</u>	<u>19,775</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	(<u>44</u>)	<u>19,510</u>
EEEE	Net (decrease) increase of cash and cash equivalents for the current year	(7,891)	71,150
E00100	Cash and cash equivalents, beginning of the year	<u>470,745</u>	<u>399,595</u>
E00200	Cash and cash equivalents, end of the year	<u>\$ 462,854</u>	<u>\$ 470,745</u>

The accompanying notes form part of the Parent Company Only Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corp
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2023 and 2022
(Amounts in NTD thousand unless stated otherwise)

I. Company history

ABC Taiwan Electronics Corp (hereinafter referred to as the "Company") was approved for establishment by the Ministry of Economic Affairs (MOEA) on May 25, 1979. Its principal business is providing chip inductors, power inductors, filter inductive components, transformers, micro porous ceramic (MPC) heat sinks, various precision metal stamping parts, LED lighting fixtures, and other related products and their raw materials that are used in various electronic products, communication electronic products, computer and peripheral equipment, industrial electronic equipment, automotive electronic equipment and other circuits, various product molds and production equipment, their manufacturing, processing and trading, as well as the import and export business for each of the aforementioned items.

The Company's shares have been listed for trading on the Taipei Exchange since December 2, 2004.

The Parent Company Only Financial Statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

The Parent Company Only Financial Statements were approved by the Board of Directors on March 11, 2024.

III. Application of new and revised standards and interpretation

- (I) Initial adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The adoption of the amended IFRSs endorsed and issued into effect by the FSC does not have a material impact on the Company's accounting policies.

- (II) FSC-approved IFRSs applicable from 2024 onwards

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Clauses"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall make retrospective adoption of the amended IFRS 16 for all sales and leaseback transactions signed after the initial adoption of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

1. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (Revision in 2020) and "Non-current Liabilities with Contractual Clauses" (Revision in 2022)

Amended in 2020 to clarify that when determining whether a liability is classified as non-current, it is necessary to assess whether the company has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If the Company has the right at the end of the reporting period, regardless of whether the Company expects to exercise the right, the liabilities are classified as non-current.

The 2020 amendments further stipulate that if the Company must comply with certain conditions before it has the right to defer payment of its liabilities, the Company must have complied with certain conditions at the end of the reporting period, even if the lender is testing whether the Company has complied with the requirements at a later date. The 2022 amendments further clarified that only the contractual terms that must be followed before the end of the reporting period will affect the classification of liabilities. Although the terms of the contract that the Company shall comply with within 12 months after the reporting period does not affect the classification of liabilities, relevant information must be disclosed to enable users

of the financial statements to understand that the Company may not be able to comply with the contractual terms and the risk that the Company will have to pay the liability within 12 months after the reporting period.

The 2020 amendments provide that, for the purpose of liability classification, the aforementioned pay-off refers to the elimination of liabilities due to the transfer of cash, other economic resources, or equity instruments of the Company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty, and the transfer of the equity instruments of the Company may result in its settlement of the liability, and if the choice is recognized in equity separately according to IAS 32 "Financial Instruments: Presentation", then the aforementioned clauses do not affect the classification of liabilities.

In addition to the impact referred to above, as of the publication date of the Parent Company Only Financial Statements, the consolidated company has assessed that the amendment of other standards and interpretations of the Company will not have a significant impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange difference of foreign operations under equity on the date of initial application .

The Company will continue to evaluate the impacts of amendments of other standards and interpretations on the financial position and financial performance as of the release date of these Parent Company Only Financial Statements, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Compliance statement

The Parent Company Only Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The Parent Company Only Financial Statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities (assets) recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The measurement of fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 input value: Refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input value: Refers to inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 input value: Refers to unobservable inputs for the asset or liability.

When preparing the Parent Company Only Financial Statements, the Company adopts the equity method for the investment of subsidiaries. In order to make the profit or loss and other comprehensive profit or loss and equity of the current year in the Parent Company Only Financial Statements and in the consolidated financial statements, which are attributable to the Company's owners, identical, certain accounting treatment differences between the standalone and the consolidated are adjusted and made to "Investments under the equity method", "Share of profit or loss of subsidiaries, associates,

and joint ventures under the equity method", "Share of other comprehensive profit or loss of subsidiaries, associates, and joint ventures under the equity method", and related equity items.

(III) Criteria for classifying assets and liabilities into current and non-current

Current assets include:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for trading purposes;
2. Liabilities due and settled within 12 months after the balance sheet date; and
3. Liabilities with a settlement deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets or liabilities that are not the abovementioned current assets or liabilities are classified as non-current assets or liabilities.

(IV) Foreign currency

When the Company prepares the Parent Company Only Financial Statements, transactions in currencies other than the Company's functional currency (foreign currencies) are translated into functional currencies and recorded in accordance with the exchange rates on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing rates on that date. Exchange difference arising from the delivery or translation of monetary items are recognized in profit or loss for the period incurred.

The foreign currency non-monetary item measured at fair value is converted at the exchange rate on the fair value determination date. The exchange difference generated is recognized in the profit or loss of the current year, but for the changes in fair value recognized in other comprehensive income, the exchange difference generated is recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost which are converted according to the exchange rate on the transaction date are not re-translated.

In preparing the Parent Company Only Financial Statements, the assets and liabilities of the Company's foreign operations (including subsidiaries that operate in countries or using currencies different from the Company's) are translated into New Taiwan dollars at the end of each balance sheet date. Income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is listed in the other comprehensive profit or loss.

If the Company disposes of all the equity of a foreign operation, or a part of the equity of a subsidiary of a foreign operation but loses control over it, or a joint agreement of foreign operation or the affiliated enterprise, the retained equity is a financial asset treated according to the accounting policy of financial instruments, all the cumulative exchange differences related to the foreign operations will be reclassified as profit or loss.

(V) Inventory

Inventories include raw materials, finished goods, work-in-progress, and commodities. Inventories are measured at the lower of cost or net realizable value. Except for inventories of the same type, the comparison between cost and net realizable value is based on individual items. Net realizable value is the balance of the estimated selling price in the ordinary course of business, less the estimated cost required for completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VI) Investment in subsidiaries

The Company adopts the equity method to account for its investment in subsidiaries.

Subsidiaries are entities over which the Company has control.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive income by the Company. In addition, for the changes in the subsidiaries' other equity, the Company is entitled to have it recognized proportionately to the shareholding.

When the Company's change in the ownership of the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or collected is directly recognized as equity.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e. fair value) in a subsidiaries on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and

liabilities (i.e., fair value) in subsidiaries that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year.

In assessing impairment, the Company based on the cash-generating units in the financial statements as a whole and compared the recoverable amount with the book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. The impairment loss attributed to goodwill shall not be reversed in subsequent periods.

The unrealized concurrent trade between the Company and the subsidiaries stated in the Parent Company Only Financial Statements shall be removed. The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the standalone financial statement within the range irrelevant with the Company's interest in the subsidiary.

(VII) Property, plant, and equipment

Property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. Before reaching the intended state of use, such assets are measured at the lower of cost or net realizable value, and the selling price and cost are recognized in profit or loss. These assets will be classified into the appropriate category of property, plant, and equipment and depreciated accordingly when completed and ready for the intended state of use.

Except for self-owned land, the property, plant, and equipment are depreciated by significant parts over their useful lives on a straight-line basis. The Company shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(VIII) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at the amount derived from taking cost less net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

2. Internally generated - research and development expenses

Research expenditure is recognized as expense when incurred.

3. Derecognition

In derecognition of intangible assets, the difference between the net proceeds of disposition and the book value of the assets shall be recognized as income for the current year.

(IX) Impairment of assets related to property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill)

At each balance sheet date, the Company assesses whether there is any sign that property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may have been impaired. If there is any sign of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are amortized to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and when there is a sign that the assets may be impaired.

The recoverable amount is the fair value less the selling cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss is reversed subsequently, the carrying amount of the assets, cash-generating units or relevant assets of contract cost will increase to the revised recoverable amount, while the carrying amount after increase does not exceed the carrying amount of the assets, cash-generating units or relevant assets of contract costs that would have been at the date of reversal

had the impairment loss not been recognized previously (excluding amortization or depreciation). Reversal of impairment loss is recognized in profit or loss.

(X) Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the instrument contract.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that can be directly attributed to the acquisition or issuance of financial assets or liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial assets

Conventional transactions with financial assets are recognized and de-recognized on the trade date.

(1) Types of Measurement

Financial assets held by the Company are those measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the Company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, the purpose of which is to hold financial assets to collect contractual cash flows; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets on the basis of cost after amortization (including cash, notes receivable on the basis of cost after amortization, accounts receivable (including related parties) and other receivables (including related parties)) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. For a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the financial asset is impaired.

Credit-impaired financial assets refer to situations where the issuer or obligor has experienced major financial difficulty, default, or the obligor is likely to file for bankruptcy or other financial reorganization, or active financial assets have disappeared from the market due to financial difficulty.

B. Investments in equity instruments measured at fair value through other comprehensive income

The Company may, at the time of original recognition, make an irrevocable election to designate the investment in equity instrument investment not held for trading and not recognized by the acquirer in the business merger transaction with contingent consideration for measurement at the fair value through other comprehensive income.

Investments in equity instruments measured at FVTOCI are measured at fair value, and subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. In the disposition of investments, the accumulated profit or loss is directly transferred to the retained earnings without reclassification as profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company's right to receive dividends is

established, unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable shall be recognized for allowance for loss based on expected credit loss throughout the duration. For other financial assets, the allowance is assessed as to whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the allowance is recognized according to the 12 month expected credit loss. If there is a significant increase, it is recognized according to the expected credit loss throughout the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. Expected credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Expected credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. There is internal or external information showing that it is impossible for the debtor to pay off the debt.
- B. Past due for over 150 days, unless there is reasonable and corroborating information showing that the deferred basis is more appropriate.

All impairment loss of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights from the cash flows of the financial assets expire, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to another enterprise.

Where a financial asset measured at amortized cost was derecognized as a whole, the difference between the book value and the received consideration was recognized in profit or loss. When the investment in equity instrument measured at FVTOCI is derecognized as a whole, the accumulated income is directly transferred to the retained earnings without reclassification as income.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The book value is calculated based on the weighted average of the types of shares. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All of the Company's financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

- (XI) Liability reserve
The recognized liability reserve amount is based on the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. The reserve for liabilities is measured at the discount value of the estimated cash flows for the settlement of obligations.
- (XII) Recognition of income
The Company, after identifying the performance obligations, has the transaction price amortized to each performance obligation and recognizes the income when each performance obligation is satisfied.
1. Revenue from sale of goods
Revenues from the sale of products are derived from the sale of products. When electronic products arrive at the customer's designated location or when they are shipped, the customer has the right to set the price and the use of the product, and is mainly responsible for the resale of the product, and bears the risk of product obsolescence. The Company recognizes them as income and accounts receivable at this timing.
When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.
- (XIII) Leaseholdings
On the date of contract formation, the Company assesses whether the contract is (or contains) a lease.
1. The Company as lessor
A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All other lease arrangements are classified as operating lease.
Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.
 2. The Company as lessee
The Company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value underlying assets and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.
Right-of-use assets are initially measured at cost (including the initial amount of lease liability), and subsequently at cost less accumulated depreciation and impairment loss with adjustments made to the re-measurement of lease liability. Right-of-use assets are separately expressed on the Parent Company Only Statements Of Balance Sheet.
The right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the expiry date of the lease or the lease term, whichever is earlier.
Lease liabilities are initially measured at the present value of lease payments. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead.
Subsequently, lease liability is measured at cost after amortization using the effective interest method, whereas interest expense is amortized over the lease tenor. If there is any change to the amounts to be paid over the lease tenor that leads to changes in future lease payments, the Company will remeasure its lease liabilities and make corresponding adjustments to right-of-use assets. If, however, the book value of right-of-use assets has already been reduced to zero, any remaining re-measurements are recognized in profit or loss. Lease liabilities are separately expressed on the Parent Company Only Statements Of Balance Sheet.
- (XIV) Borrowing costs
Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.
The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.
In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring in the current year.
- (XV) Employee Welfare
1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at the non-discounted amount of cash that the Company expects to pay in exchange for employees' services.

2. Benefits after retirement

For defined contribution plans, the amount of contributions that is appropriated to pension funds over the duration of employees' services is recognized as expense.

For defined benefit plans, the cost of benefits (including service cost, net interest, and effect of re-measurement) is estimated using the projected unit credit method. The net interests of the service cost (including the service cost for the current period) and net defined benefit liability (asset) are recognized as employee benefit expenses when they occur. Effects of re-measurement (including actuarial gains/losses and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit or loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(XVI) Income tax

Income tax expenses are the aggregate of the income taxes and deferred taxes during the period.

1. Income tax for the current period

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences deriving from the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences.

The taxable temporary differences related to the investment in the equities of the subsidiaries are recognized as deferred income tax liabilities, except for those that the Company can control the timing of reversing the temporary difference and the temporary difference is unlikely reversible in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment is recognized within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly listed under equity items, which are also recognized in other comprehensive income or directly listed under equity.

V. Major sources of significant accounting judgments, estimates, and assumptions uncertainty

With regard to the adoption of accounting policies by the Company, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

When developing significant accounting estimates, the Company incorporates the influence on economic environment into the significant estimates such as cash flows, growth, discount rates and profitability. Management will continue to review these estimates and assumptions.

Significant accounting judgment

None.

Estimates and assumptions with regard to the main source of uncertainty

(I) Impairment of inventories

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances. These estimates are based on the current market conditions and historical sales of similar products. Changes in market conditions may materially affect the results of these estimates.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank checks and demand deposits	\$ 333,303	\$ 470,189
Cash on hand and petty cash	590	556
Equivalent cash		
Bank time deposits with original maturity date within 3 months	<u>128,961</u>	<u>-</u>
	<u>\$ 462,854</u>	<u>\$ 470,745</u>

The market interest rate intervals of bank deposits on the balance sheet date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deposits in banks	0.001%~5.53%	0.001%~1.05%

VII. Financial assets at fair value through other comprehensive profit or loss

(I) Investment in equity instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
TWSE/TPEX listed stock	<u>\$ 39,189</u>	<u>\$ 27,412</u>

The Company invested in the common shares of the domestic companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The Company's management does not think recognizing the short-term fair value volatility of such investments as profit or loss aligned with the abovementioned long-term investment planning. Therefore, management decided to designate such investments measured at fair value through other comprehensive incomes.

VIII. Notes and accounts receivable, net amount

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes and accounts receivable</u>		
Measured at amortized cost		
Total book value	\$ 90,581	\$ 155,966
Less: Allowance for losses	<u>(2,979)</u>	<u>(2,979)</u>
	<u>\$ 87,602</u>	<u>\$ 152,987</u>
<u>Accounts receivable - related parties</u>		
Measured at amortized cost		
Total book value	\$ 109,371	\$ 199,441
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 109,371</u>	<u>\$ 199,441</u>

Accounts receivable at amortized cost

The average credit period for the Company's sales of goods on a monthly basis is 30 to 150 days, and the accounts receivable do not accrue interest. To mitigate the credit risk, the company management has assigned designated team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedure, through which to ascertain that adequate action has been taken on recalling overdue receivables. Meanwhile, the Company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the Company's management believes that the Company's credit risks have been significantly reduced.

The Company adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses throughout the duration. Expected credit losses throughout the duration are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions. As indicated by the Company's historical experience in credit loss, the loss patterns among varied customer bases show no significant difference at all. In the preparation matrix, therefore, the customer bases were not further classified. Instead, we fixed the anticipated rate of credit loss only based on the number of days overdue in the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount back, the Company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The Company uses a provision matrix to measure the allowance for losses of receivables as follows:

December 31, 2023

	<u>Not overdue</u>	<u>Past Due by 1 ~ 60 Days</u>	<u>Past Due 61 ~ 90 Days</u>	<u>Past Due 91 ~ 120 Days</u>	<u>Overdue over 120 days</u>	<u>Total</u>
Total book value	\$ 86,968	\$ 919	\$ -	\$ -	\$ 2,694	\$ 90,581
Loss allowance (expected credit losses throughout the duration)	-	(285)	-	-	(2,694)	(2,979)
Cost after amortization	<u>\$ 86,968</u>	<u>\$ 634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,602</u>

December 31, 2022

	<u>Not overdue</u>	<u>Past Due by 1 ~ 60 Days</u>	<u>Past Due 61 ~ 90 Days</u>	<u>Past Due 91 ~ 120 Days</u>	<u>Overdue over 120 days</u>	<u>Total</u>
Total book value	\$ 149,222	\$ 3,853	\$ 197	\$ -	\$ 2,694	\$ 155,966
Loss allowance (expected credit losses throughout the duration)	-	(88)	(197)	-	(2,694)	(2,979)
Cost after amortization	<u>\$ 149,222</u>	<u>\$ 3,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,987</u>

Accounts receivable - related parties are non-overdue accounts.

The information about changes in the allowance for loss on accounts receivable is as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 2,979	\$ 2,979
Less: Actual write-offs in the current year	-	-
Balance at the end of the year	<u>\$ 2,979</u>	<u>\$ 2,979</u>

IX. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commodities	\$ 1,161	\$ 2,899
Finished goods	54,004	89,442
Work-in-progress	261	432
Raw materials and supplies	<u>1,979</u>	<u>3,517</u>
	<u>\$ 57,405</u>	<u>\$ 96,290</u>

The nature of the cost of goods sold is as follows:

	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 1,396,396	\$ 2,317,596
Inventory devaluation loss	<u>6,145</u>	<u>2,470</u>
	<u>\$ 1,402,541</u>	<u>\$ 2,320,066</u>

X. Investment under equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	<u>\$ 1,121,113</u>	<u>\$ 1,221,313</u>
Non-TWSE/TPEX listed company		
ATEC HOLDING COMPANY (AHC)	\$ 1,119,720	\$ 1,220,306
ABC AMERICA ELECTRONICS CORP. (AAE)	<u>1,393</u>	<u>1,007</u>
	<u>\$ 1,121,113</u>	<u>\$ 1,221,313</u>

Name of subsidiary	Percentage of ownership interests and voting rights	
	December 31, 2023	December 31, 2022
AHC	100%	100%
AAE	100%	100%

The Company invested and established AHC Company, and successively re-invested in A-TEC International Company and ATEC UNIERSAL COMPANY (both with 100% shareholdings); indirectly invested in ABC Electronics(Shanghai)Corp. (ABC (Shanghai) Company) and Guangdong ABC Electronic Co.,Ltd. (Guangzhou ABC Company) is engaged in the manufacturing, processing, and sale of electronic equipment spare parts. Please refer to Note XXX for the details of the investment in subsidiaries indirectly held by the Company.

On August 9, 2023, the Board of Directors approved the investment in ATEC HOLDING COMPANY, and then reinvested in AOBA Technology (M) SDN. Capital increase of US\$3,750 thousand in cash.

As stated in Note XXV, the Company provides financial guarantees for the bank loans of the sub-subsidiaries.

The share of profit and loss of subsidiaries under the equity method and other comprehensive income in 2023 and 2022, except for AAE Company, whose financial statements were not audited because it was not a major subsidiary, were calculated based on the financial statements that have been audited by independent auditors. However, the management of the Company believes that if the financial statements of the subsidiaries referred to above are audited by CPAs, they will not lead to material adjustments.

XI. Property, plant, and equipment

Own use	December 31, 2023							December 31, 2022	
	<u>\$ 893,960</u>							<u>\$ 764,019</u>	
	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total
<u>Cost</u>									
Balance as of January 1, 2023	\$ 299,830	\$ 171,678	\$ 81,387	\$ 156,416	\$ 11,645	\$ 5,909	\$ 26,515	\$ 133,613	\$ 886,993
Increase	-	4,866	9,027	105,462	94	1,562	15,423	42,320	178,754
Disposal	-	-	(2,564)	(9,526)	(5,773)	(4,156)	(2,999)	-	(25,018)
Reclassification	-	-	3,943	-	-	-	-	-	3,943
Balance as of December 31, 2023	<u>\$ 299,830</u>	<u>\$ 176,544</u>	<u>\$ 91,793</u>	<u>\$ 252,352</u>	<u>\$ 5,966</u>	<u>\$ 3,315</u>	<u>\$ 38,939</u>	<u>\$ 175,933</u>	<u>\$ 1,044,672</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2023	\$ -	\$ 28,300	\$ 24,076	\$ 52,071	\$ 6,843	\$ 4,877	\$ 6,807	\$ -	\$ 122,974
Depreciation expense	-	5,540	10,851	23,244	1,418	680	7,027	-	48,760
Disposal	-	-	(2,564)	(9,526)	(5,773)	(4,156)	(2,946)	-	(24,965)
Reclassification	-	-	3,943	-	-	-	-	-	3,943
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 33,840</u>	<u>\$ 36,306</u>	<u>\$ 65,789</u>	<u>\$ 2,488</u>	<u>\$ 1,401</u>	<u>\$ 10,888</u>	<u>\$ -</u>	<u>\$ 150,712</u>
Net amount as of December 31, 2023	<u>\$ 299,830</u>	<u>\$ 142,704</u>	<u>\$ 55,487</u>	<u>\$ 186,563</u>	<u>\$ 3,478</u>	<u>\$ 1,914</u>	<u>\$ 28,051</u>	<u>\$ 175,933</u>	<u>\$ 893,960</u>
<u>Cost</u>									
Balance as of January 1, 2022	\$ 299,830	\$ 92,619	\$ 53,569	\$ 129,236	\$ 8,185	\$ 5,817	\$ 19,766	\$ 112,721	\$ 721,743
Increase	-	7,222	30,766	30,928	3,460	92	8,601	92,729	173,798
Disposal	-	-	(3,172)	(3,748)	-	-	(1,852)	-	(8,772)
Reclassification	-	71,837	224	-	-	-	-	(71,837)	224
Balance as of December 31, 2022	<u>\$ 299,830</u>	<u>\$ 171,678</u>	<u>\$ 81,387</u>	<u>\$ 156,416</u>	<u>\$ 11,645</u>	<u>\$ 5,909</u>	<u>\$ 26,515</u>	<u>\$ 133,613</u>	<u>\$ 886,993</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2022	\$ -	\$ 23,900	\$ 18,331	\$ 36,303	\$ 5,688	\$ 3,834	\$ 4,272	\$ -	\$ 92,328
Depreciation expense	-	4,400	8,693	19,516	1,155	1,043	4,387	-	39,194
Disposal	-	-	(3,172)	(3,748)	-	-	(1,852)	-	(8,772)
Reclassification	-	-	224	-	-	-	-	-	224
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 28,300</u>	<u>\$ 24,076</u>	<u>\$ 52,071</u>	<u>\$ 6,843</u>	<u>\$ 4,877</u>	<u>\$ 6,807</u>	<u>\$ -</u>	<u>\$ 122,974</u>
Net amount as of December 31, 2022	<u>\$ 299,830</u>	<u>\$ 143,378</u>	<u>\$ 57,311</u>	<u>\$ 104,345</u>	<u>\$ 4,802</u>	<u>\$ 1,032</u>	<u>\$ 19,708</u>	<u>\$ 133,613</u>	<u>\$ 764,019</u>

In 2023 and 2022, as there was no sign of impairment, the Company did not conduct impairment assessment.

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	
Plant and main building	5 to 50 years
Engineering system	2 to 10 years
Machinery and equipment	3 to 10 years
Research and development equipment	2 to 15 years
Transportation equipment	5 to 10 years
Income-producing equipment	5 to 10 years
Miscellaneous equipment	2 to 15 years

Please refer to Note XXVI for the amount of property, plant and equipment pledged as collateral for borrowings.

XII. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of right-of-use assets		
Transportation equipment	<u>\$ 251</u>	<u>\$ 829</u>
	<u>2023</u>	<u>2022</u>
Increase in right-of-use assets	<u>\$ -</u>	<u>\$ 452</u>
Depreciation expense for right-of-use assets		
Transportation equipment	<u>\$ 578</u>	<u>\$ 528</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of lease liabilities		
Current	<u>\$ 178</u>	<u>\$ 582</u>
Non-current	<u>\$ 77</u>	<u>\$ 255</u>

The range of the discount rate for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Transportation equipment	1.35%~1.56%	1.35%~1.56%

(III) Other lease information

	<u>2023</u>	<u>2022</u>
Expenses of short-term leases	<u>\$ 687</u>	<u>\$ 316</u>
Expenses for lease of low-value assets	<u>\$ 849</u>	<u>\$ 622</u>
Total cash (outflow) for leases	<u>(\$ 2,125)</u>	<u>(\$ 1,476)</u>

The Company chooses to apply the exemption to the recognition of office equipment that meets the criteria of short-term lease and low-value asset lease, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

XIII. Intangible assets

	<u>Computer software</u>	<u>Technology authorization</u>	<u>Technology</u>	<u>Customer relationship</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2023	\$ 12,034	\$ 4,542	\$ 10,825	\$ 23,873	\$ 51,274
Increase in the current year	4,428	3,680	-	-	8,108
Disposal for the current year	(4,480)	(800)	-	-	(5,280)
Balance as of December 31, 2023	<u>\$ 11,982</u>	<u>\$ 7,422</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ 54,102</u>
<u>Accumulated amortization</u>					
Balance as of January 1, 2023	\$ 4,532	\$ 1,199	\$ 4,252	\$ 9,378	\$ 19,361
Amortized expenses	6,735	2,376	1,547	3,411	14,069
Disposal for the current year	(4,480)	(800)	-	-	(5,280)
Balance as of December 31, 2023	<u>\$ 6,787</u>	<u>\$ 2,775</u>	<u>\$ 5,799</u>	<u>\$ 12,789</u>	<u>\$ 28,150</u>
Net amount as of December 31, 2023	<u>\$ 5,195</u>	<u>\$ 4,647</u>	<u>\$ 5,026</u>	<u>\$ 11,084</u>	<u>\$ 25,952</u>
Balance as of January 1, 2022	\$ 10,983	\$ 800	\$ 10,825	\$ 23,873	\$ 46,481
Increase in the current year	6,693	3,742	-	-	10,435
Disposal for the current year	(5,642)	-	-	-	(5,642)
Balance as of December 31, 2022	<u>\$ 12,034</u>	<u>\$ 4,542</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ 51,274</u>
<u>Accumulated amortization</u>					
Balance as of January 1, 2022	\$ 5,628	\$ 67	\$ 2,706	\$ 5,968	\$ 14,369
Amortized expenses	4,546	1,132	1,546	3,410	10,634
Disposal for the current year	(5,642)	-	-	-	(5,642)
Balance as of December 31, 2022	<u>\$ 4,532</u>	<u>\$ 1,199</u>	<u>\$ 4,252</u>	<u>\$ 9,378</u>	<u>\$ 19,361</u>
Net amount as of December 31, 2022	<u>\$ 7,502</u>	<u>\$ 3,343</u>	<u>\$ 6,573</u>	<u>\$ 14,495</u>	<u>\$ 31,913</u>

The above intangible assets with limited durability are amortized on a straight-line basis based on the following durability years:

Computer software	1 to 5 years
Technology authorization	2 to 5 years
Technology	7 years
Customer relationship	7 years

XIV. Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Retained tax credit	<u>\$ 837</u>	<u>\$ 4</u>
<u>Non-current</u>		
Refundable deposits	\$ 298	\$ 288
Others	<u>2,748</u>	<u>2,748</u>
	<u>\$ 3,046</u>	<u>\$ 3,036</u>

XV. Borrowings

(I) Short-term borrowings	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured borrowings</u>		
- Borrowings of working capital fund	<u>\$ 230,000</u>	<u>\$ 190,000</u>

The interest rates of working capital borrowings as of December 31, 2023 and 2022 were 1.70%~1.775% and 1.38%~1.6521%, respectively.

(II) Short-term notes payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial paper payable	<u>\$ 59,927</u>	<u>\$ -</u>

Outstanding short-term notes payable are as follows:

December 31, 2023

Guarantee/Acceptance Agency	Par value	Discount amount	Book value	Interest rate range	Name of collateral	Book value of collateral
<u>Commercial paper payable</u>						
Mega Bank	<u>\$ 30,000</u>	<u>\$ 38</u>	<u>\$ 29,962</u>	1.908%	Unsecured	<u>\$ -</u>
China Bills Finance Corporation (CBF)	<u>\$ 30,000</u>	<u>\$ 35</u>	<u>\$ 29,965</u>	1.878%	Unsecured	<u>\$ -</u>

(III) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured borrowings (Note XXVI)</u>		
Mid and long-term bank borrowings		
(1)	\$ 142,725	\$ 167,410
<u>Unsecured borrowings</u>		
Mid and long-term bank borrowings		
(2)	<u>737,679</u>	<u>615,363</u>
Sub-total	880,404	782,773
Due within one year	(<u>211,653</u>)	(<u>155,903</u>)
	<u>\$ 668,751</u>	<u>\$ 626,870</u>

- Bank borrowings with maturity dates falling on December 31, 2023 and 2022, will be subsequently cleared of payments by the end of July 2037. As of December 31, 2023 and 2022, the interests rates are 1.80%~2.02% and 1.55%~1.73%, respectively.
- Bank credit borrowings with maturity dates falling on December 31, 2023 and 2022, will be subsequently cleared of payments by the end of February 2030. As of December 31, 2023 and 2022, the interests rates are 0.51%~2.1037% and 0.3225%~1.83%, respectively.

Long-term bank borrowings

The Company has made commitments for some of its long-term borrowings and so must maintain the financial ratio and regulations in its end-of-year consolidated financial statements each year for the duration of the credit extension, as shown below:

Starting from the date of the fund transfer, the annual consolidated financial statements shall be reviewed at the end of July each year. Among these, (1) the financial liabilities must not be over 100%, and (2) the minimum net worth shall be NT\$1,200,000 thousand. If this standard is not met the first time for any of the items, a review will be made for the next half of the annual report. If the standard is still not met, an interest rate of 0.25% will be added to the originally approved interest rate. The originally approved interest rate can be resumed once the standard has been met during the next review. If the standard is not met for two consecutive annual consolidated financial statements, the bank will deem all or part of the interest of the credit amount used as matured.

Each of the financial rates of the Company as of December 31, 2023 and 2022 satisfies the limitations of the aforementioned financial rates.

XVI. Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Bonus	\$ 15,782	\$ 22,256
Salary	9,862	10,463
Provision for equipment	7,583	3,645
Payable leave benefit	5,805	3,787
Labor service expenses	2,427	1,910
Freight and import/export expenses	1,902	2,926
Commission	397	1,611
Others	<u>12,167</u>	<u>11,783</u>
	<u>\$ 55,925</u>	<u>\$ 58,381</u>
Other liabilities		
Collection of funds on behalf of others	\$ 1,618	\$ 1,583
Contract liabilities	<u>284</u>	<u>574</u>
	<u>\$ 1,902</u>	<u>\$ 2,157</u>

XVII. Retirement benefit plan

(I) Defined contribution plan

The pension scheme introduced under the “Labor Pension Act” that the Company uses is a government-managed defined contribution plan, for which the Company is required to contribute an amount equal to 6% of employees’ monthly salaries into their individual pension accounts held with the Bureau of Labor Insurance.

(II) Defined benefit plan

The Company is also subject to the pension scheme introduced under the “Labor Standards Act,” which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. The Company makes monthly pension contributions equivalent to 6% of employees' monthly salaries into an account held under the Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year at the end of each year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the Parent Company Only Statements Of Balance Sheet:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 32,545	\$ 44,286
Fair value of planned assets	(<u>39,130</u>)	(<u>43,013</u>)
Net defined benefit (assets) liabilities	(<u>\$ 6,585</u>)	(<u>\$ 1,273</u>)

Changes in the net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of planned assets	Net defined benefit liabilities (assets)
January 1 to June 30, 2022	\$ 59,516	(\$ 43,604)	\$ 15,912
Cost of services			
Current service cost	232	-	232
Interest expense (income)	387	(279)	108
Recognized in profit or loss	619	(279)	340
Re-measurements			
Actuarial (gains) losses - Changes in financial assumptions	(1,541)	-	(1,541)
Actuarial (gains) losses - experience adjustment	(9,224)	(3,377)	(12,601)
Recognized in other comprehensive income	(10,765)	(3,377)	(14,142)
Contributions from the employer	-	(837)	(837)
Payment of welfare	(5,084)	5,084	-
December 31, 2022	44,286	(43,013)	1,273
Cost of services			
Current service cost	97	-	97
Interest expense (income)	541	(528)	13
Recognized in profit or loss	638	(528)	110
Re-measurements			
Actuarial (gains) losses - Changes in financial assumptions	(55)	-	(55)
Actuarial (gains) losses - experience adjustment	(6,948)	(406)	(7,354)
Recognized in other comprehensive income	(7,003)	(406)	(7,409)
Contributions from the employer	-	(559)	(559)
Payment of welfare	(5,376)	5,376	-
December 31, 2023	\$ 32,545	(\$ 39,130)	(\$ 6,585)

The pension fund system of the Company under the "Labor Standards Act" is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits for utilization by itself and through commissioned management. However, The distribution amount for the Company's planned assets is based on the income from the interest rate not lower than the 2-year time deposit interest rate of local banks.
2. Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of defined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net defined benefit liability is mutually offsetting.
3. Salary risks: The present value of defined benefit obligations is calculated by taking into consideration plan participants' future salary levels. Therefore, an increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2023	December 31, 2022
Discount rate	1.33%	1.30%
Expected rate of return on planned assets	1.33%	1.30%
Expected rate of increase in salary	2.00%	2.00%

If there were reasonable and possible changes to the major actuarial assumptions, and all other assumptions remained unchanged, the amount of increase (decrease) in the present value of defined benefit obligation would be as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	(\$ <u>328</u>)	(\$ <u>451</u>)
Decrease by 0.25%	<u>\$ 334</u>	<u>\$ 459</u>
Expected rate of increase in salary		
Increase by 0.25%	<u>\$ 266</u>	<u>\$ 359</u>
Decrease by 0.25%	(\$ <u>262</u>)	(\$ <u>354</u>)

Because actuarial assumptions may be related to one another, and it is unlikely that any single assumption will change, the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected amount to be appropriated within 1 year	<u>\$ 528</u>	<u>\$ 570</u>
Average expiry period of defined benefit obligations	2 years	2 years

XVIII. Equity

(I) Share capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousand)	<u>150,000</u>	<u>120,000</u>
Authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousand)	<u>105,001</u>	<u>92,921</u>
Issued capital stock	<u>\$ 1,050,006</u>	<u>\$ 929,209</u>

The shares issued were common shares with a par value of NT\$10 per share, and each share was entitled to one voting right and the right to receive dividends.

(II) Additional paid-in capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Can be used to offset losses, distribute cash, or capitalize on shares (Note)</u>		
Premium from stock issuance	\$ 169,469	\$ 169,469
Transaction of treasury stock	10,819	10,819
The difference between the equity actually acquired or disposed of and the book value	<u>775</u>	<u>775</u>
	<u>\$ 181,063</u>	<u>\$ 181,063</u>

Note: Such capital surplus may be used to offset a deficit, or, when the Company has no deficit, to distribute cash or stock capital, provided that the capital reserve shall be no more than a certain percentage of the Company's share capital each year.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Company, any earnings at the end of the year are subject to tax, and reimbursement of accumulated losses according to laws, followed by 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves. If there are earnings remaining, together with the undistributed earnings, the board of directors is to draft a motion for earnings distribution and submit to the shareholders' meeting for resolution and distribution of dividends to shareholders. Please refer to Note XX (VII) regarding the policy for remuneration to the employees and the directors as stipulated in the Company's Articles of Incorporation.

The shareholders' meeting of the Company has on June 9, 2023 passed the amendment of the Articles of Incorporation. According to the revised version, the Company's dividend policy will accommodate current and future development plan, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings for at least 20% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution falls below 2% of the share capital, the distribution may not be proceeded with. Any shareholders dividends are paid in the form of cash or shares, of which cash dividends shall not be less than 10% of the total dividends.

According to the Articles of Incorporation before the amendment, the Company's dividend policy will accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings for at least 60% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution falls below 2% of the share capital, the distribution may not be proceeded with. Any shareholders dividends are paid in the form of cash or shares, of which cash dividends shall not be less than 10% of the total dividends.

Appropriation of legal reserve shall be made until the balance is equivalent to the amount of the Company's share capital. Legal reserve may be used to offset a deficit. If the Company has no deficit, the portion of legal reserve that exceeds 25% of the share capital may be capitalized or distributed in cash.

The Company held annual shareholders' meetings on June 9, 2023 and July 29, 2022. Earnings distribution proposals for 2022 and 2021 have been resolved and passed as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 22,217	\$ 9,232
(Reverse) Provision of special reserves	(\$ 6,103)	\$ 29,237
Cash dividends	\$ 22,301	\$ 55,753
Stock dividends	\$ 120,797	\$ -
Cash dividend per share (NTD)	\$ 0.24	\$ 0.60
Dividend per share (NTD)	\$ 1.30	\$ -

On March 11, 2024, the board of directors proposed the 2023 earnings distribution plan as follows:

	<u>2023</u>
Legal reserve	\$ 4,476
Provision of special reserves	\$ 24,021
Cash dividends	\$ 23,100
Cash dividend per share (NTD)	\$ 0.22

The appropriation of the 2023 earnings is still pending for resolution by the shareholders' meeting scheduled to be held on June 3, 2024.

(IV) Special reserves

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 134,226	\$ 104,989
(Reverse) Provision of special reserves	(6,103)	29,237
Balance at the end of the year	<u>\$ 128,123</u>	<u>\$ 134,226</u>

Of which, NT\$39,767 thousand came from the recognition of the accumulated translation adjustments presented to the Company into retained earnings upon initial adoption of the IFRSs.

(V) Other equity items

1. Exchange difference on translation of financial statements of foreign operations

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	(\$ 142,738)	(\$ 170,224)
Exchange differences arising from the translation of the net assets of foreign operations	(35,798)	27,486
Balance at the end of the year	<u>(\$ 178,536)</u>	<u>(\$ 142,738)</u>

	2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss		
		<u>2023</u>	<u>2022</u>
	Balance at the beginning of the year	\$ 14,614	\$ 35,997
	Generated in the current year		
	Unrealized gain or loss		
	Equity instruments	<u>11,777</u>	<u>(21,383)</u>
	Balance at the end of the year	<u>\$ 26,391</u>	<u>\$ 14,614</u>
XIX.	<u>Income</u>		
(I)	Revenue from contracts		
		<u>2023</u>	<u>2022</u>
	Revenue from contracts with customers		
	Revenue from sale of goods	<u>\$ 1,774,856</u>	<u>\$ 2,767,383</u>
(II)	Balance of contract		
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Contract liabilities		
	Sale of goods	<u>\$ 284</u>	<u>\$ 574</u>
	The amount from contract liabilities recognized as income at the beginning of the year is as follows:		
		<u>2023</u>	<u>2022</u>
	<u>From contract liabilities at the beginning of the year</u>		
	Sale of goods	<u>\$ 574</u>	<u>\$ 732</u>
(III)	Breakdown of revenue from contracts with customers		
		<u>2023</u>	<u>2022</u>
	<u>Main regional markets</u>		
	USA	\$ 890,390	\$ 1,503,218
	Germany	407,140	676,954
	China	107,807	172,597
	Taiwan	91,728	106,834
	Others	<u>277,791</u>	<u>307,780</u>
		<u>\$ 1,774,856</u>	<u>\$ 2,767,383</u>
XX.	<u>Net income and other comprehensive income</u>		
	Net income includes the following items:		
(I)	Income from interest		
		<u>2023</u>	<u>2022</u>
	Deposits in banks	<u>\$ 6,633</u>	<u>\$ 650</u>
(II)	Other income		
		<u>2023</u>	<u>2022</u>
	Dividend income		
	Financial assets at fair value through other comprehensive profit or loss	<u>\$ 969</u>	<u>\$ 1,615</u>
(III)	Other gains and losses		
		<u>2023</u>	<u>2022</u>
	Net gains on foreign exchange	\$ 19,228	\$ 68,953
	Net loss from disposal of property, plant and equipment	(53)	-
	Others	<u>11,375</u>	<u>736</u>
		<u>\$ 30,550</u>	<u>\$ 69,689</u>

(IV)	Financial cost		
		2023	2022
	Interest of bank loans	\$ 17,334	\$ 9,922
	Interest on lease liabilities	7	13
		\$ 17,341	\$ 9,935
(V)	Depreciation and amortization		
		2023	2022
	Depreciation expense summarized by function		
	Operating cost	\$ 26,493	\$ 23,726
	Operating expenses	22,845	15,996
		\$ 49,338	\$ 39,722
	Amortization expense summarized by function		
	Management expenses	\$ 7,760	\$ 7,593
	R&D expenses	6,309	3,041
		\$ 14,069	\$ 10,634
(VI)	Employee benefit expenses		
		2023	2022
	<u>Benefits after retirement (Note XVII)</u>		
	Defined contribution plan	\$ 6,548	\$ 6,837
	Defined benefit plan	110	340
		6,658	7,177
	Other employee benefits	183,302	240,168
	Total employee benefit expenses	\$ 189,960	\$ 247,345
	Summarized by function		
	Operating cost	\$ 52,936	\$ 76,752
	Operating expenses	137,024	170,593
		\$ 189,960	\$ 247,345

(VII) Employees' compensation and directors' remuneration

According to the Company's Articles of Incorporation, the employees' and directors' remuneration are allocated based on 12%~16% and no more than 6% of the pre-tax income before deduction of the employees' and directors' remuneration, respectively. The remuneration to employees and directors for 2023 and 2022 was approved by the board of directors on March 11, 2024 and March 9, 2023, respectively, as follows:

Estimated ratio

		2023	2022
Compensation to employees		13%	13%
Remuneration to directors		4%	4%

Amount

		2023	2022
		Cash	Shares of stock
Compensation to employees	\$ 8,630	\$ -	\$ 42,978
Remuneration to directors	2,655	-	13,224
			-

If there is a change in the amount after the annual Parent Company Only Financial Statements were authorized for issue, the difference is treated as a change in accounting estimate and adjusted into the books in the following year.

There is no difference between the actual amounts of employees' compensation and directors' remuneration paid for 2022 and 2021 and the amounts recognized in the Parent Company Only Financial Statements for 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(VIII) Net gains/losses on foreign currency exchange

	<u>2023</u>	<u>2022</u>
Total foreign exchange gains	\$ 53,344	\$ 98,460
Total foreign exchange losses	(34,116)	(29,507)
Net foreign exchange gain	<u>\$ 19,228</u>	<u>\$ 68,953</u>

XXI. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>2023</u>	<u>2022</u>
Income tax for the current period		
Generated in the current year	\$ 23,170	\$ 40,404
Surtax on undistributed retained earnings	3,148	-
Adjustments for previous year	<u>4,056</u>	<u>11,482</u>
	30,374	51,886
Deferred income tax		
Generated in the current year	(12,632)	<u>14,487</u>
Income tax expenses recognized in profit or loss	<u>\$ 17,742</u>	<u>\$ 66,373</u>

Adjustment of accounting income and income tax expenses is as follows:

	<u>2023</u>	<u>2022</u>
Pre-tax profit	<u>\$ 55,098</u>	<u>\$ 274,397</u>
Income tax expense of profit before tax calculated at the statutory rate	\$ 11,020	\$ 54,879
Surtax on undistributed retained earnings	3,148	-
Unrecognized temporary difference	(482)	12
Adjustments to previous year's income tax expenses	<u>4,056</u>	<u>11,482</u>
Income tax expenses recognized in profit or loss	<u>\$ 17,742</u>	<u>\$ 66,373</u>

(II) Current income tax liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax liabilities		
Income tax payable	<u>\$ 25,673</u>	<u>\$ 36,070</u>

(III) Deferred income tax liabilities

Changes in deferred income tax liabilities are as follows:

2023

	<u>Balance at the beginning of the year</u>	<u>Changes in tax rate</u>	<u>Recognized in profit or loss</u>	<u>Balance at the end of the year</u>
Deferred income tax liabilities				
Temporary difference	<u>\$ 101,521</u>	<u>\$ -</u>	<u>(\$ 12,632)</u>	<u>\$ 88,889</u>

2022

	<u>Balance at the beginning of the year</u>	<u>Changes in tax rate</u>	<u>Recognized in profit or loss</u>	<u>Balance at the end of the year</u>
Deferred income tax liabilities				
Temporary difference	<u>\$ 87,034</u>	<u>\$ -</u>	<u>\$ 14,487</u>	<u>\$ 101,521</u>

- (IV) The total amount of the temporary differences related to the investment not recognized as deferred income tax liabilities

As of December 31, 2023 and 2022, there was no taxable temporary difference related to the investment in subsidiaries that was not recognized as deferred income tax liabilities.

- (V) Authorization of income tax

The Company's profit-seeking enterprise income tax returns up to 2021 have been approved by the tax collection authority.

XXII. Earnings per share

	2023	Unit: NTD per share 2022
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 1.98</u>
Diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 1.94</u>

In the calculation of earnings per share, the impact of the bonus shares has been adjusted retrospectively. The base date for distribution of bonus shares on October 1, 2023. Due to retrospective adjustment, changes in basic and diluted earnings per share for 2022 are as follows:

	Before retrospective adjustment	Unit: NTD per share After retrospective adjustment
Basic earnings per share	<u>\$ 2.24</u>	<u>\$ 1.98</u>
Diluted earnings per share	<u>\$ 2.19</u>	<u>\$ 1.94</u>

The net income and the weighted average number of common shares issued for the calculation of earnings per share are as follows:

Net income for the year

	2023	2022
Net profit used in the calculation of basic and diluted earnings per share	<u>\$ 37,356</u>	<u>\$ 208,024</u>

Number of shares

	2023	Unit: Thousand shares 2022
Weighted average common stock shares used to calculate basic earnings per share	105,001	105,001
Effect of potentially dilutive ordinary shares:		
Compensation to employees	<u>653</u>	<u>2,277</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>105,654</u>	<u>107,278</u>

The Company can elect to distribute employees' compensation by stock or by cash. If compensation is in the form of shares, the Company should presume that the entire amount of compensation will be settled in shares, and the resulting potential shares should be included in the weighted-average number of shares outstanding to be used in calculating diluted EPS if the shares have a dilutive effect. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees' in the following year.

XXIII. Capital risk management

The Company manages capital to ensure the Group's enterprises to maximize shareholder's returns by optimizing the balance of debt and equity under the precondition of continuing operation. The capital structure of the Company is composed of the Company's equity (i.e. share capital, additional paid-in capital, retained earnings, and other equity items).

XXIV. Financial Instruments

- (I) Fair value information - Financial instruments that are not measured at fair value

The financial assets not at fair value and the book value of financial liabilities were considered by the Company's management as close to their fair value or has no reliable, fair value measurement.

(II) Fair value - financial instruments at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	<u>\$ 39,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,189</u>

December 31, 2022

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	<u>\$ 27,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,412</u>

There were no transfers between Class 1 and Class 2 fair value measurements in 2023 and 2022.

(III) Type of financial instrument

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through other comprehensive income	\$ 39,189	\$ 27,412
Measured at amortized cost (Note 1)	660,234	823,184
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,357,177	1,305,974

Note 1: The balances include cash and cash equivalents, notes and accounts receivable, accounts receivable - related parties and other receivables (including related parties) and other financial assets measured at amortized cost.

Note 2: The balances of financial liabilities measured at amortized cost comprising short-term borrowings, commercial paper payables, notes and accounts payable, accounts payable-related parties, other payables, and long-term borrowings (including long-term borrowings due within a year).

(IV) Financial risk management objective and policies

The Company's primary financial instruments include equity investment, accounts receivable, accounts payable, borrowings, and lease liabilities. The Company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the Company's operation related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department is an independent organization dedicated exclusively to monitoring risks and implementing policies to mitigate risk exposure and it reports to the Company's Board of Directors quarterly.

1. Market risk

The main financial risks for the Company's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The exposure of the market risk of the financial instruments of the Company and the management and measurement of such exposure risk remain unchanged.

(1) Currency risk

Part of the Company's cash inflows and outflows are denominated in foreign currencies, and therefore part of them have a natural hedging effect. The Company's management of currency risk is for hedging and not for profit seeking.

For the book values of monetary assets and monetary liabilities denominated in non-functional currencies of the Company as at the balance sheet date, please refer to Note XXIX for details.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of USD, CNY, and JPY.

The following table details the Company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 5% against each relevant foreign currency. The sensitivity analysis included only the outstanding foreign currency monetary items and foreign exchange forward contracts designated as cash flow hedges, and the year-end conversion was adjusted based on a 5% change in exchange rates. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable, and other payables. The positive numbers in the table below indicate the amount by which the net profit before tax will increase when NTD depreciates by 5% against the relevant foreign currencies. When NTD appreciates by 5% against the relevant foreign currencies, the effect on net profit before tax will be the negative number of the same amount.

	Effect of US Dollars		Effect of Renminbi		Effect of Japanese Yen	
	2023	2022	2023	2022	2023	2022
Income (loss)	\$ 20,316	\$ 23,621	(\$ 4,261)	(\$ 6,786)	\$ 135	\$ 256

The management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, as foreign currency risk exposure at the balance sheet date cannot reflect the risk exposure at mid-year.

(2) Interest rate risks

Because individual entities within the Company borrow funds at fixed and floating interest rates at the same time, the interest rate risk arises.

The book value of financial assets and liabilities of the Company with interest rate exposure on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	\$ 128,961	\$ -
- Financial liabilities	130,182	60,837
Cash flow interest rate risk		
- Financial assets	333,289	470,172
- Financial liabilities	1,040,404	912,773

Sensitivity analysis

The following sensitivity analysis are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of floating rate liabilities is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate decreased/increased by 0.1%, with all other variables remaining unchanged, the Company's net income before tax in 2023 and 2022 would increase/decrease by NT\$707 thousand and NT\$443 thousand, respectively, mainly due to the fact that the Company's variable interest rates.

(3) Other price risk

The Company's exposure to the equity price risk is due to the investment in the TWSE/TPEX listed equity securities. The equity investment was not held for trading but was classified as a strategic investment. The Company does not trade such investments actively. The Company's equity price risk is mainly concentrated on equity instruments in the electronics industry, which are traded on Taiwan Stock Exchanges and TPEX.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 5%, other comprehensive income before tax in 2023 and 2022 would have increased/decreased by NT\$1,959 thousand and NT\$1,371 thousand, respectively, due to changes in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in the financial loss of the Company. As of the balance sheet date, the Company's

maximum credit risk of financial losses may be caused by counterparties' failure to fulfill obligations. The risk exposure mainly comes from the book value of financial assets recognized in the Parent Company Only Statements Of Balance Sheets.

To mitigate the credit risk, the company management has assigned designated team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedure, through which to ascertain that adequate action has been taken on recalling overdue receivables. Meanwhile, the Company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the Company's management believes that the Company's credit risks have been significantly reduced.

In addition, because the counterparty of the current fund is a reputable bank, the credit risk is limited.

The Company's credit risk is mainly concentrated in the top ten customers. As of December 31, 2023 and 2022, the ratio of the total accounts receivable from the aforementioned customers was 87% and 91%, respectively.

3. Liquidity risk

The Company manages and maintains sufficient positions of cash and cash equivalents to pay for the Group's operations and mitigate the impact of fluctuating cash flows. The management of the Company supervises the utilization of the banking facilities and ensures compliance with the terms of the loan contract.

Bank borrowings were an important source of liquidity for the Company. For the bank financing facilities not drawn down by the Company, please refer to the description of (2) financing facilities below.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings that the Company could be demanded to repay immediately were listed in the earliest time period of the below table, regardless of the probability of the bank executing the right. Maturity analysis of other non-derivative financial liabilities was compiled based on the agreed repayment date.

December 31, 2023

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	\$ 101,174	\$ 106,395	\$ 18,636	\$ -	\$ -
Floating interest rate instruments	0.51-2.10	95,903	114,672	173,737	564,611	134,327
Fixed interest rate instruments	1.70-1.91	130,101	-	-	-	-
Lease liabilities	1.35-1.56	26	39	116	77	-
		<u>\$ 327,204</u>	<u>\$ 221,106</u>	<u>\$ 192,489</u>	<u>\$ 564,688</u>	<u>\$ 134,327</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 181</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	\$ 222,210	\$ 135,249	\$ 67,260	\$ -	\$ -
Floating interest rate instruments	0.32-1.83	70,144	98,083	126,897	479,063	176,566
Fixed interest rate instruments	1.38	60,069	-	-	-	-
Lease liabilities	1.35-1.56	51	103	436	257	-
		<u>\$ 352,474</u>	<u>\$ 233,435</u>	<u>\$ 194,593</u>	<u>\$ 479,320</u>	<u>\$ 176,566</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 590</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing amount	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The secured bank loan facility may be extended upon mutual consent of both parties.		
- Amount used	\$ 142,726	\$ 167,411
- Unutilized amount	<u>-</u>	<u>-</u>
	<u>\$ 142,726</u>	<u>\$ 167,411</u>
 The unsecured bank loan facility may be extended upon mutual consent of both parties.		
- Amount used	\$ 1,027,679	\$ 805,363
- Unutilized amount	<u>526,500</u>	<u>744,616</u>
	<u>\$ 1,554,179</u>	<u>\$ 1,549,979</u>

XXV. Transactions with related parties

Other than the disclosures already made in other notes, the transactions between the Company and related parties are as follows.

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
ATEC HOLDING COMPANY (AHC)	Subsidiary of the Company
ABC AMERICA ELECTRONICS CORP. (AAE)	Subsidiary of the Company
ABC Electronics (Shanghai) Corp. (ABC (Shanghai) Company)	Third-tier subsidiary of the Company
GUANGZHOU ABC ELECTRONICS CORP. (Guangzhou ABC Company)	Third-tier subsidiary of the Company
AOBA TECHNOLOGY (M) SDN. BHD. (AOBA for short)	Sub-subsidiaries of the Company
Bourns, Inc.	Substantive related party

(II) Operating revenues

<u>Account items</u>	<u>Category/name of related party</u>	<u>2023</u>	<u>2022</u>
Sales revenues	Third-tier subsidiary of the Company		
	ABC (Shanghai) Company	\$ 3,138	\$ 2,436
	Guangzhou ABC Company	<u>20</u>	<u>78</u>
		3,158	2,514
Sales revenues	Sub-subsidiaries of the Company		
	AOBA	\$ 8,224	\$ 17,585
	Subsidiary of the Company		
	AAE	8	31
	Substantive related party		
	Bourns, Inc.	<u>870,460</u>	<u>1,443,873</u>
		<u>\$ 881,850</u>	<u>\$ 1,464,003</u>

In 2023 and 2022, the Company's sales revenue recognized by Guangzhou ABC Company, ABC (Shanghai) Company, and AOBA for processing without materials were NT\$8,007 thousand and NT\$30,457 thousand, and the related income and cost have been deducted from the account.

For the Company's sales with related parties, the sales is based on general trading practices. The collection period is open 60 to 120 days on a monthly basis. In order to cooperate with the operations of subsidiaries, the Company temporarily collects and pays accounts based on its funding status.

(III) Purchase goods	Category/name of related party	2023	2022
	Third-tier subsidiary of the Company		
	Guangzhou ABC Company	\$ 820,767	\$ 1,476,156
	ABC (Shanghai) Company	<u>293,932</u>	<u>478,871</u>
		1,114,699	1,955,027
	Sub-subsidiaries of the Company		
	AOBA	<u>65,391</u>	<u>80,402</u>
		<u>\$ 1,180,090</u>	<u>\$ 2,035,429</u>

The Company's purchases with its related parties are based on general trading practices. The payment period is open 30 to 60 days monthly basis. In order to cooperate with the operations of subsidiaries, the Company collects and pays accounts based on their funding status for the time being.

(IV) Receivables from related parties	Account items	Category/name of related party	December 31, 2023	December 31, 2022
	Accounts receivable	Substantive related party		
		Bourns, Inc.	<u>\$ 109,371</u>	<u>\$ 199,441</u>
	Other receivables	Third-tier subsidiary of the Company		
		Guangzhou ABC Company	\$ 40	\$ 49
		ABC (Shanghai) Company	<u>-</u>	<u>(458)</u>
			40	(409)
		Sub-subsidiaries of the Company		
		AOBA	<u>312</u>	<u>414</u>
			<u>\$ 352</u>	<u>\$ 5</u>

No guarantee is collected for outstanding receivables from related parties. No provision of loss allowance was provided for receivables from related parties in 2023 and 2022.

(V) Accounts payable to related parties	Account items	Category/name of related party	December 31, 2023	December 31, 2022
	Accounts payable	Third-tier subsidiary of the Company		
		Guangzhou ABC Company	\$ 88,334	\$ 171,911
		ABC (Shanghai) Company	<u>42,365</u>	<u>85,472</u>
			130,699	257,383
		Sub-subsidiaries of the Company		
		AOBA	<u>8,780</u>	<u>13,048</u>
			<u>\$ 139,479</u>	<u>\$ 270,431</u>
	Other payables	Third-tier subsidiary of the Company		
		ABC (Shanghai) Company	<u>\$ 540</u>	<u>\$ -</u>

For the balance of payables to related parties outstanding, no guarantee has been provided.

(VI) Transactions with other related parties	Account items	Category/name of related party	December 31, 2023	December 31, 2022
	Other benefits	Substantive related party		
		Bourns, Inc.	<u>\$ 5,757</u>	<u>\$ 49</u>
	Other losses	Third-tier subsidiary of the Company		
		Guangzhou ABC Company	\$ 518	\$ 253
		ABC (Shanghai) Company	<u>-</u>	<u>111</u>
			<u>\$ 518</u>	<u>\$ 364</u>
	Manufacturing overhead	Third-tier subsidiary of the Company		
		Guangzhou ABC Company	<u>\$ -</u>	<u>\$ 1,012</u>
		Sub-subsidiaries of the Company		
		AOBA	<u>\$ 5</u>	<u>\$ -</u>

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<u>Account items</u>	<u>Category/name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales expense	Third-tier subsidiary of the Company ABC (Shanghai) Company	\$ <u>7</u>	\$ <u>-</u>
R&D expenses	Third-tier subsidiary of the Company Guangzhou ABC Company	\$ <u>1,126</u>	\$ <u>1,246</u>
	Sub-subsidiaries of the Company AOBA	\$ <u>5</u>	\$ <u>3</u>

(VII) Endorsement and guarantee

Making endorsements and guarantees for others

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sub-subsidiaries of the Company		
AOBA - maximum guarantee amount	\$ <u>126,576</u>	\$ <u>146,049</u>
AOBA – Actual disbursement	\$ <u>-</u>	\$ <u>58,979</u>

The Company provides endorsements and guarantees for subsidiaries' bank credit lines.

(VIII) Others

In 2019, the Company signed a contract with its subsidiary, AAE, to develop distribution channels in the U.S.A. The monthly payment was US\$31.5 thousand. As of 2023 and 2022, NT\$12,737 thousand and NT\$11,433 thousand of it was paid, respectively, and the payments were accounted for under administrative expenses.

(IX) Remuneration to the management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ <u>34,096</u>	\$ <u>52,548</u>
Benefits after retirement	<u>786</u>	<u>623</u>
	\$ <u>34,882</u>	\$ <u>53,171</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVI. Assets pledged as collateral

In addition to those disclosed in other notes, the following assets have been provided as collateral for long-term bank borrowings:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ <u>299,830</u>	\$ <u>299,830</u>
Housing and construction	<u>132,959</u>	<u>136,353</u>
	\$ <u>432,789</u>	\$ <u>436,183</u>

XXVII. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the Company's significant commitments and contingencies as of the balance sheet date are as follows:

(I) Significant commitments

The Company's unrecognized contractual commitments are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Acquisition of property, plant and equipment	\$ <u>13,738</u>	\$ <u>21,852</u>

XXVIII. Others

Due to the impact of the COVID-19 pandemic, the Company cooperated with the locked down restrictions imposed by the local government in the first half of 2022 due to the severity of the pandemic in Shanghai, and the Company has now fully resumed work. In response to the pandemic, the Company takes the following actions:

- (I) The company implements and cooperates with local government policies, and closely observes the subsequent development of the pandemic to ensure the health of employees.
- (II) Adjusted the production ratio and shipment, and initiated the production support and shipment of the Guangzhou subsidiary.
- (III) Inform customers and suppliers of the adjustments to the shipping method and schedule.

According to the Company's assessment, the overall business and financial position are not significantly affected by the above-mentioned pandemic.

XXIX. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated by foreign currencies other than the Company's functional currency. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 13,506	30.7050 (USD: NTD)	\$ 414,712
Euros	3,325	33.9800 (EUR: NTD)	112,994
Japanese Yen	12,398	0.2172 (JPY: NTD)	2,693
Hong Kong Dollars	428	3.9290 (HKD: NTD)	1,683
Renminbi	10,733	4.3190 (RMB: NTD)	46,357
			<u>\$ 578,439</u>
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
Renminbi	\$ 30,465	4.3190 (RMB: NTD)	\$ 131,580
US Dollars	273	30.7050 (USD: NTD)	8,390
Hong Kong Dollars	193	3.9290 (HKD: NTD)	757
			<u>\$ 140,727</u>

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 15,714	30.7100 (USD: NTD)	\$ 482,570
Euros	3,964	32.7200 (EUR: NTD)	129,714
Japanese Yen	22,050	0.2324 (JPY: NTD)	5,124
Hong Kong Dollars	551	3.9380 (HKD: NTD)	2,170
Renminbi	28,342	4.4000 (RMB: NTD)	124,704
			<u>\$ 744,282</u>
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
Renminbi	59,188	4.4000 (RMB: NTD)	\$ 260,425
US Dollars	331	30.7100 (USD: NTD)	10,166
Hong Kong Dollars	293	3.9380 (HKD: NTD)	1,152
			<u>\$ 271,743</u>

For the months ended December 31, 2023 and 2022, the Company's net profit (loss) on foreign currency exchanged (realized and unrealized) was NT\$19,228 thousand and NT\$68,953 thousand, respectively. It is impossible to disclose exchange gains and losses by different currencies based on the significant impacts due to the many types of currencies used.

XXX. Disclosures in notes

(I) Information about significant transactions:

1. Loans to others: None.

2. Making endorsements and guarantees for others:

Serial number	Name of the company of the endorsement and guarantee	Counterparty of endorsements and guarantees		The limit of endorsements and guarantees provided to a single enterprise (Note 2)	Maximum endorsement and guarantee Balance for the Period	Endorsement and guarantee balance at end of period	The actual amount disbursed	Endorsement and guarantee amount with properties	Ratio of Accumulated endorsement and guarantee to Net Value in the Most Recent Financial Statements (%)	Maximum endorsement and guarantee amount (Note 2)	Endorsement and guarantee Provided by Parent to Subsidiaries	Endorsement and guarantee Provided by Subsidiaries to Parent	Endorsement and guarantee Provided for Mainland China	Remarks
		Company name	Relationship (Note 1)											
0	ABC Taiwan Electronics	AOBA	3	\$ 373,663	EUR 103 NTS Thousand (\$ 3,255)	\$ -	\$ -	\$ -	-	\$ 747,326	Yes	-	-	-
		AOBA	3	373,663	EUR 3,550 NTS Thousand (\$ 133,221)	-	-	-	-	747,326	Yes	-	-	-

Note 1: An investee company in which the parent company and its subsidiaries hold more than 50% common stock shares combined.

Note 2: According to the Company's "Procedures for Guarantee and Endorsement", the total endorsement and guarantee amount shall not exceed 50% of the Company's net worth, and the limit for any single endorsed entity may not exceed 25% of the Company's net worth in the most recent financial statements.

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Company held	Type of marketable securities	Name of marketable securities	Relationship with issuer of securities	Accounting titles in book	End of period				Remarks
					Number of shares	Book value	Percentage of Ownership (%)	Fair value/book value	
The Company	Shares of stock	PROSPERITY DIELECTRICS CO., LTD.	-	Financial assets at fair value through other comprehensive profit or loss	803,880	\$ 39,189	0.47	\$ 39,189	Note

Note: Calculated based on the stock closing price on December 31, 2023.

4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of the paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
7. Amount on purchase from and sale to related parties reaching NT\$100 million or more than 20% of the Paid-in capital:

Purchasing (selling) company	Counterparty	Relationship	Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchasing (selling) goods	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Guangzhou ABC Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	\$ 820,767	65%	Monthly settlement of 60 days	Same as Note XXV (III)	Same as Note XXV (III)	(\$ 88,334)	(54%)	-
	ABC (Shanghai) Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	293,932	23%	Monthly settlement of 60 days	Same as Note XXV (III)	Same as Note XXV (III)	(42,365)	(26%)	-
	Bourns, Inc.	Substantive related party of the Company	Sales of goods	870,460	49%	Monthly settlement of 60 days	Same as Note XXV (II)	Same as Note XXV (II)	109,371	55%	-

8. Accounts receivable from related parties reaching NT\$ 100 million or more than 20% of the paid-in capital.

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Receivables from related parties (Note 1)	Turnover	Overdue accounts receivable from related parties		Subsequent recovery of receivables from related parties	Allowance for Doubtful Accounts
					Amount	Disposal method		
ABC Taiwan Electronics	Bourns Inc	Substantive related party	\$ 109,371	5.64	\$ -	-	\$ 62,579	\$ -

9. Trading of derivatives: None.

(II) Information about reinvestment business:

Name of investment company	Name of investee company	Location of the Company	Main business items	Initial investment amount		Held at the end of period			Gains (losses) on investees for the current period	Investment income (loss) recognized by the Company	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Book value			
The Company	AHC	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars 29,254 NTS Thousand (\$ 898,244)	US Dollars 29,254 NTS Thousand (\$ 898,244)	29,434,161	100	\$ 1,119,720	(\$ 68,456)	(\$ 64,757)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	US Dollars 100 NTS Thousand (\$ 3,071)	US Dollars 100 NTS Thousand (\$ 3,071)	220,000	100	1,393	355	355	Subsidiary of the Company
AHC	ATEC UNIVERSAL COMPANY	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars 6,274 NTS Thousand (\$ 192,643)	US Dollars 6,274 NTS Thousand (\$ 192,675)	6,274,457	100	509,014	(18,040)	(18,040)	Subsidiaries of the Company
	A-TEC INTERNATIONAL COMPANY	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars 5,691 NTS Thousand (\$ 174,742)	US Dollars 5,691 NTS Thousand (\$ 174,771)	5,690,923	100	288,470	(11,974)	(11,974)	Subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 21,078 NTS Thousand (\$ 616,495)	US Dollars 17,328 NTS Thousand (\$ 532,143)	62,274,180	100	406,444	(37,825)	(38,450)	Subsidiaries of the Company
ATEC UNIVERSAL COMPANY	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 6,274 NTS Thousand (\$ 192,643)	US Dollars 6,274 NTS Thousand (\$ 192,675)	-	100	509,014	(18,040)	(18,040)	Third-tier subsidiary of the Company
A-TEC INTERNATIONAL COMPANY	ABC (Shanghai) Company	Shanghai City, China	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 5,691 NTS Thousand (\$ 174,742)	US Dollars 5,691 NTS Thousand (\$ 174,771)	-	100	288,470	(11,974)	(11,974)	Third-tier subsidiary of the Company

(III) Investment in Mainland China:

- The name of the investee company in Mainland China, the main businesses and products, its paid-in capital, method of investment, information on inflow and outflow of capital, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: NTD thousand, unless stated otherwise

Name of investees in Mainland China	Main business items	Paid-in capital	Method of investment	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount for outward remittance or recovered in the current period		Accumulated Investment Amount from Taiwan at End of Period	Gains (losses) on investees for the current period	The Company's shareholding percentage by direct or indirect investment (Note 2)	Recognition of investment gain (loss) in the current period (Note 2)	Book value of investments at end of period (Note 2)	Investment income remitted back of the current period
					Outward remittance	Withdraw						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars6,274 NTS Thousand (\$ 192,643)	Note 1	US Dollars3,479 NTS Thousand (\$ 106,823)	\$	\$	US Dollars3,479 NTS Thousand (\$ 106,823)	(\$ 18,040)	100%	(\$ 18,040)	\$ 509,014	\$
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars5,691 NTS Thousand (\$ 174,742)	Note 1	US Dollars5,691 NTS Thousand (\$ 174,742)			US Dollars5,691 NTS Thousand (\$ 174,742)	(11,974)	100%	(11,974)	288,470	

Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, Ministry of Economic Affairs (MOEA, R.O.C.)	Investment to Mainland China is capped at 60% of the net worth as specified by the Investment Commission, MOEA, R.O.C.
US DollarsNT\$9,170 thousand (\$ 281,565)	US DollarsNT\$9,637 thousand (\$ 295,904)	\$896,791

Note 1: Investing in companies in Mainland China through companies invested and incorporated in a third region.

Note 2: Calculated based on the financial statements audited and attested by the independent auditors of the parent company in Taiwan and the consolidated shareholding ratio.

Note 3: Figures in this table that involve foreign currencies are converted into NTD at the exchange rate on the date of the financial reporting.

- Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

Unit: NTD thousand, unless stated otherwise

Name of investees in Mainland China	Type of transaction	Purchase and sale of goods		Price	Trading terms and conditions		Notes and accounts receivable (payable)		Unrealized gain or loss	Remarks
		Amount	Percentage		Payment terms	Comparison with general transaction	Amount	Percentage		
ABC (Shanghai) Company	Sales of goods	\$ 3,138	-	Calculated by product price	Same as Note XXV (II)	Same as Note XXV (II)	\$ -	-	\$ -	-
Guangzhou ABC Company	Purchase goods	820,767	65%	Calculated by product price	Same as Note XXV (III)	Same as Note XXV (III)	(88,334)	(54%)	1,225	-
ABC (Shanghai) Company	Purchase goods	293,932	23%	Calculated by product price	Same as Note XXV (III)	Same as Note XXV (III)	(42,365)	(26%)	(21)	-

(IV) Information on major shareholders: Name of shareholders with an ownership of 5% or more, number of shares held, and percentage:

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.	9,117,736	8.68%
Joseph M. E. Hsu	6,150,038	5.85%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares with dematerialized registration and delivery completed (including treasury shares) on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's Parent Company Only Financial Statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Note 2: The above information will be disclosed based on the trust accounts opened by the trustees for each trustor, if any. As for the insider declaration of more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares placed in a trust and has the right to decide the utilization of the trust assets. For the information on the insider declaration of shareholding, please refer to the MOPS.

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ABC Taiwan Electronics Corporation
Statement of Cash and cash equivalents
December 31, 2023

Statement No. I

Unit: NTD thousand, unless
stated otherwise

Items	Amount
Deposits in banks	
Deposits denominated in foreign currencies (Note 1)	\$ 273,104
Demand deposits	60,185
Check deposits	<u>14</u>
	333,303
 Cash on hand and petty cash (Note 2)	 590
 Equivalent cash	
Time deposit (Note 3)	<u>128,961</u>
 Total	 <u>\$ 462,854</u>

Note 1: In the form of US 4,806 thousand (exchange rate USD1: NT\$30.705),
EUR 2,204 thousand (exchange rate EUR1: NT\$33.98),
JPY 12,302 thousand (exchange rate ¥1: NT\$ 0.2172),
HK 397 thousand (exchange rate of HKD1: NT\$3.929) and
RMB 10,750 thousand (exchange rate RMB 1: NT\$ 4.319),

Note 2: Including US 2.0 thousand (exchange rate USD1: NT\$30.705),
EUR 2.8 thousand (exchange rate EUR1: NT\$33.98),
JPY 98 thousand (exchange rate 1: NT\$ 0.2172),
HK 2.9 thousand (exchange rate HKD1: NT\$3.929),
RMB 20.5 thousand (exchange rate RMB 1: NT\$4.319),
and sporadic foreign currencies.

Note 3: In the form of US 4,200 thousand (exchange rate USD1: NT\$30.705),

ABC Taiwan Electronics Corporation
Statement of notes receivable - non-related parties
December 31, 2023

Statement No. II

Unit: NTD thousand

Customer name	Amount
VIGOR ELECTRIC CORPORATION	\$ 171
SENSORS INTERNATIONAL CO., LTD.	100
YUEH SHIN HIGH-TECHNOLOGY CO., LTD.	76
MAX ECHO TECHNOLOGY CORP.	66
MINMAX TECHNOLOGY CO., LTD.	41
Others (Note)	<u>207</u>
Total	<u>\$ 661</u>

Note: The balance of each customer did not exceed 5% of the balance of this accounting title.

ABC Taiwan Electronics Corp
Statement of Accounts Receivable - Non-related Parties
December 31, 2023

Statement No. III

Unit: NTD thousand

Customer name	Amount
Company A	\$ 25,097
Company B	11,248
Company C	9,577
Others (Note)	<u>43,998</u>
Total	89,920
Allowance for losses	(<u>2,979</u>)
Net amount	<u>\$ 86,941</u>

Note: The balance of each customer did not exceed 5% of the balance of this accounting title.

ABC Taiwan Electronics Corp
Inventory statement
December 31, 2023

Statement No. IV

Unit: NTD thousand

Items	Amount	
	Cost	Net realizable value
Commodities	\$ 1,161	\$ 1,388
Finished goods	54,004	71,721
Work-in-progress	261	304
Raw materials	<u>1,979</u>	<u>2,527</u>
Total	<u>\$ 57,405</u>	<u>\$ 75,940</u>

ABC Taiwan Electronics Corporation
Statement of Prepayments and Other Receivables
December 31, 2023

Statement No. V

Unit: NTD thousand

Items	Amount
Prepayments	
Prepaid system setup fee	\$ 9,576
Prepaid industry-academia collaboration fee	4,277
Prepaid system consultation service fee	1,833
Others (Note)	<u>2,642</u>
Sub-total	<u>18,328</u>
Other receivables	
Tax refund receivable - Sales tax	10,815
Others (Note)	<u>55</u>
Sub-total	<u>10,870</u>
Total	<u>\$ 29,198</u>

Note: The balance of each item did not exceed 5% of the balance of the accounting title.

ABC Taiwan Electronics Corp
Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income - non-current
January 1 to December 31, 2023

Statement No. VI

Unit: NTD thousand,
unless stated otherwise

Name	Beginning of the year		Increase in the current year		Decrease in the current year		Changes in fair value	At the end of the year		Accumulated impairment	Provision of collateral or pledge	Remarks
	Shares (in thousand)	Fair value	Shares (in thousand)	Amount	Shares (in thousand)	Amount		Shares (Thousand)	Fair value			
Equity instruments												
TWSE(TPEX) domestic listed companies												
PROSPERITY DIELECTRICS CO., LTD.	804	\$ 27,412	-	\$ -	-	\$ -	\$ 11,777	804	\$ 39,189	\$ -	None	Note

Note: Calculated based on the closing price at the end of December 2023.

ABC Taiwan Electronics Corporation
Statement of Changes in Investment Using the Equity Method
January 1 to December 31, 2023

Statement No. VII

Unit: NTD thousand,
unless stated otherwise

Name of investee company	Balance at the beginning of the year		Increase/decrease in the current year		Recognized investment income (loss) under equity method	Conversion adjustment	Adjustments to unrealized gain or loss on counter-current transactions	Balance at the end of the year			Remarks	
	Shares (in thousand)	Amount	Shares (in thousand)	Amount				Shares (in thousand)	Shareholding ratio (%)	Amount		Net value of equity
Non-TWSE/TPEX listed company												
ATEC HOLDING COMPANY	29,434	\$ 1,220,306	-	\$ -	(\$ 68,456)	(\$ 35,829)	\$ 3,699	29,434	100	\$ 1,119,720	\$ 1,240,167	-
ABC AMERICA ELECTRONICS CORP.	220	<u>1,007</u>	-	<u>-</u>	<u>355</u>	<u>31</u>	<u>-</u>	220	100	<u>1,393</u>	<u>1,393</u>	-
		<u>\$ 1,221,313</u>		<u>\$ -</u>	(\$ 68,101)	(\$ 35,798)	\$ 3,699			<u>\$ 1,121,113</u>	<u>\$ 1,241,560</u>	

ABC Taiwan Electronics Corporation
Statement of Short-term Borrowings
December 31, 2023

Statement No. VIII

Unit: NTD thousand,
unless stated otherwise

Name of creditor	Summary	Duration of the contract	Annual interest rate (%)	Balance at the end of the year	Financing amount	Mortgage or guarantee
E.Sun Bank	Working capital fund	2023/10/06~2024/01/05	1.7500	\$ 80,000	\$ 100,000	None
Fubon Bank	Working capital fund	2023/11/23~2024/02/21	1.7038	80,000	120,000	None
Hua Nan Bank	Working capital fund	2023/12/13~2024/01/12	1.7000	40,000	100,000	None
First Bank	Working capital fund	2023/12/11~2024/01/08	1.7750	<u>30,000</u>	100,000	None
				<u>\$ 230,000</u>		

ABC Taiwan Electronics Corporation
Statement of Notes Payable
December 31, 2023

Statement No. IX

Unit: NTD thousand

<u>Name of supplier</u>	<u>Amount</u>
PricewaterhouseCoopers Business Consulting Services Taiwan Ltd.	\$ 660
Wei Cheng Enterprise Co., Ltd.	36
Others (Note)	<u>17</u>
Total	<u>\$ 713</u>

Note: The balance of each customer did not exceed 5% of the balance of this accounting title.

ABC Taiwan Electronics Corporation
Statement of Accounts Payable - Non-related Parties
December 31, 2023

Statement No. X

Unit: NTD thousand

<u>Name of supplier</u>	<u>Amount</u>
E-LIVEN TECHNOLOGY CO., LTD.	\$ 7,266
PROMOSTS INTERNATIONAL CO., LTD.	4,235
MAX ECHO TECHNOLOGY CORP.	2,923
LONG YI YEAR ENTERPRISE CO., LTD.	2,259
WELL FORE SPECIAL WIRE CORPORATION	1,911
Others (Note)	<u>5,474</u>
Total	<u>\$ 24,068</u>

Note: The balance of each customer did not exceed 5% of the balance of this accounting title.

ABC Taiwan Electronics Corp
Statement of Long-term Borrowings
December 31, 2023

Statement No. XI

Unit: NTD thousand,
unless stated otherwise

Name	Summary	Amount of borrowings	Duration of the contract	Annual interest rate (%)	Mortgage or guarantee
Hua Nan Bank	Medium and long-term secured borrowings	\$ 119,853	2017/07/27~2037/07/26	2.0200	Note
First Bank	Medium and long-term secured borrowings	15,428	2022/02/21~2027/02/21	1.8000	Note
Hua Nan Bank	Medium and long-term secured borrowings	7,444	2017/08/17~2024/08/17	2.0200	Note
CTBC	Medium and long-term unsecured borrowings	120,000	2023/05/05~2025/05/05	2.1037	—
First Bank	Medium and long-term unsecured borrowings	112,331	2023/08/15~2028/08/15	1.8000	—
Yuanta Commercial Bank Co., Ltd.	Medium and long-term unsecured borrowings	100,000	2023/11/14~2025/10/22	2.0800	—
Fubon Bank	Medium and long-term unsecured borrowings	66,667	2022/12/09~2025/12/09	2.0019	—
First Bank	Medium and long-term unsecured borrowings	30,329	2022/03/02~2027/03/02	1.8000	—
E.Sun Bank	Medium and long-term unsecured borrowings	23,333	2022/09/01~2025/09/01	2.0100	—
Shin Kong Bank	Medium and long-term unsecured borrowings	21,148	2022/03/22~2025/03/22	2.0143	—
Hua Nan Bank	Medium and long-term unsecured borrowings	16,012	2022/09/23~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	14,273	2022/11/25~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	13,009	2021/01/27~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	11,505	2020/08/27~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	11,185	2023/02/17~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	10,353	2021/10/27~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	9,093	2021/02/17~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	8,302	2022/06/24~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	8,196	2022/05/20~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	8,006	2021/12/30~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	8,006	2022/03/15~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	8,006	2022/04/21~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	7,711	2020/06/11~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	7,575	2021/07/09~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	7,519	2020/10/19~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	7,404	2021/12/27~2030/01/15	0.5100	—
Chang Hwa Bank	Medium and long-term unsecured borrowings	7,222	2022/01/10~2025/01/10	2.0200	—
Hua Nan Bank	Medium and long-term unsecured borrowings	6,309	2020/08/11~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	6,005	2021/07/29~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,778	2020/04/13~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,274	2022/06/10~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,042	2017/10/31~2024/10/31	2.0200	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,002	2020/03/11~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,002	2021/03/24~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,002	2021/05/10~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,002	2021/07/21~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	5,002	2021/08/27~2030/02/15	0.5100	—

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Name	Summary	Amount of borrowings	Duration of the contract	Annual interest rate (%)	Mortgage or guarantee
Hua Nan Bank	Medium and long-term unsecured borrowings	5,002	2022/08/30~2030/02/15	0.5100	—
E.Sun Bank	Medium and long-term unsecured borrowings	4,445	2022/04/27~2025/04/27	2.0100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	4,169	2023/05/11~2030/02/15	0.5100	—
Chang Hwa Bank	Medium and long-term unsecured borrowings	4,167	2021/05/11~2024/05/11	2.0200	—
Hua Nan Bank	Medium and long-term unsecured borrowings	3,906	2020/02/11~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	3,640	2023/03/10~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	3,444	2021/05/14~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	2,504	2022/08/31~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	2,497	2021/03/05~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	2,114	2021/04/26~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	2,063	2023/04/27~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	1,927	2022/04/20~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	1,927	2022/12/27~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	1,793	2022/01/26~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	1,357	2020/10/19~2030/02/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	1,106	2022/07/27~2030/01/15	0.5100	—
Hua Nan Bank	Medium and long-term unsecured borrowings	<u>1,015</u>	2020/03/11~2030/01/15	0.5100	—
Sub-total		880,404			
Due within one year		(<u>211,653</u>)			
Total		<u>\$ 668,751</u>			

Note: The loan was secured by land and buildings.

ABC Taiwan Electronics Corp
Statement of Operating revenue
January 1 to December 31, 2023

Statement No. XII

Unit: NTD thousand,
unless stated otherwise

Name	Quantity (Thousand unit)	Amount
Inductor	624,908	\$ 1,730,399
Ceramic Heat Sink	1,387	4,266
Precision Metal Parts	48,086	63,226
Others	7,450	<u>6,929</u>
Total		1,804,820
Sales returns and allowances		(<u>29,964</u>)
Net amount		<u>\$ 1,774,856</u>

ABC Taiwan Electronics Corporation
Statement of Operating Costs
January 1 to December 31, 2023

Statement No. XIII

Unit: NTD thousand

Items	Amount
Raw materials at the beginning of the year	\$ 3,517
Purchase of materials in the current year	21,468
Raw materials at the end of the year	(1,979)
Sale of raw materials	(12,876)
Reclassified to expenses and others	(<u>613</u>)
Consumables for the current year	9,517
Direct labor cost	20,755
Processing fees	2,135
Manufacturing overhead	<u>80,053</u>
Manufacturing cost	112,460
Work-in-progress at beginning of the year	432
Input of finished goods	21,327
Work-in-progress at year-end	(<u>261</u>)
Cost of finished goods	133,958
Finished goods at the beginning of the year	89,442
Purchase of goods for current year	1,233,750
Finished goods at the end of the year	(54,004)
Input in production process	(21,327)
Reclassified to expenses and others	(<u>461</u>)
Cost of production and sales	<u>1,381,358</u>
Others	(<u>118</u>)
Merchandise at the beginning of the year	2,899
Purchase of goods in the current year	6,967
Reclassified to expenses and others	(280)
Merchandise at the end of the year	(<u>1,161</u>)
Cost of purchase and sales	<u>8,425</u>
Cost of raw materials sold	<u>12,876</u>
Operating cost	<u>\$ 1,402,541</u>

ABC Taiwan Electronics Corporation
Statement of Operating Expenses
January 1 to December 31, 2023

Statement No. XIV

Unit: NTD thousand

Name	Sales and marketing expenses	Management expenses	R&D expenses
Salary	\$ 14,928	\$ 60,602	\$ 25,254
Labor service expenses	11,768	14,486	570
Import/export expenses	11,270	72	8
Year-end bonus	1,906	7,981	1,709
Insurance premium	1,723	7,794	3,146
Depreciation	500	11,696	10,649
Consumables expenses	8	571	5,635
Amortization	-	7,760	6,309
Others (Note)	<u>11,944</u>	<u>44,576</u>	<u>10,761</u>
Total	<u>\$ 54,047</u>	<u>\$ 155,538</u>	<u>\$ 64,041</u>

Note: The amount of each item does not exceed 5% of the amount of the respective accounting title.

ABC Taiwan Electronics Corp
Summary table of employee benefits, depreciation and amortization expenses incurred in the current period
January 1 to December 31, 2023 and 2022

Statement No. XV

Unit: NTS'000

	2023			2022		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 39,755	\$ 109,725	\$ 149,480	\$ 58,745	\$ 132,769	\$ 191,514
Labor and national health insurance expenses	5,024	11,541	16,565	5,868	10,119	15,987
Pension expense	1,984	4,674	6,658	2,697	4,480	7,177
Remuneration to directors	-	2,655	2,655	-	13,224	13,224
Other employee benefit expenses	6,173	8,429	14,602	9,442	10,001	19,443
Total	<u>\$ 52,936</u>	<u>\$ 137,024</u>	<u>\$ 189,960</u>	<u>\$ 76,752</u>	<u>\$ 170,593</u>	<u>\$ 247,345</u>
Depreciation expense	<u>\$ 26,493</u>	<u>\$ 22,845</u>	<u>\$ 49,338</u>	<u>\$ 23,726</u>	<u>\$ 15,996</u>	<u>\$ 39,722</u>
Amortized expenses	<u>\$ -</u>	<u>\$ 14,069</u>	<u>\$ 14,069</u>	<u>\$ -</u>	<u>\$ 10,634</u>	<u>\$ 10,634</u>

Note 1: The number of employees for this year and the previous year were 229 and 247, respectively, of which the number of directors who did not serve as employees concurrently was both 6 and 7.

Note 2: Companies whose stocks have been listed on the Taiwan Stock Exchange or Taipei Exchange shall additionally disclose the following information:

- (1) The average employee benefits expense for the year was NT\$840 thousand ("Total employee benefits expense for the current year – Total directors' remuneration" / "Number of employees for the current year - Number of directors who are not employees concurrently"). The average employee benefits expense for the previous year was NT\$976 thousand ("Total employee benefit expenditure for the previous year - Total directors' remuneration" / "Number of employees for the previous year - Number of directors who were not employees concurrently").
- (2) The average employee salaries and wages for the year was NT\$670 thousand (Total employee salary expense for the current year / "Number of employees for the current year - Number of directors who are not employees concurrently"). The average employee salary expense for the previous year was NT\$798 thousand (Total employee salary expense for the previous year / "Number of employees for the previous year - Number of directors who were not also employees").
- (3) Variance in the average employee salary expense adjustment was 16% ("Average employee salary expense of the current year - Average employee salary expense of the previous year" / Average employee salary expense of the previous year).
- (4) The Company has no supervisor since the Audit Committee was established on June 23, 2020.
- (5) Please describe the Company's salary and remuneration policy (including directors, supervisors, managers, and employees):
The remuneration to directors and independent directors is negotiated with reference to the payment level of peers in the same industry. After evaluating the Company's current scale of operation and the Company's current operation, the Company's policy of remuneration to directors is positively related to the Company's business performance and future risk exposure.
The remuneration to the Company's directors and supervisors is based on the remuneration to directors and supervisors stipulated in the Company's Articles of Incorporation, and in consideration of the general remuneration in the same industry of monthly payment between NTD 10 to 20 thousand. If the director or supervisor is concurrently an employee, he/she would receive salary, bonuses and employees' compensation according to company regulations.
The Company's President and Vice Presidents receive bonuses and employees' compensation based on the business performance, in addition to salaries specified by the Company regulations. The Company has established a Remuneration Committee on December 28, 2011, and the remuneration for directors, supervisors and managers is given in accordance with the Remuneration Committee Charter.