

Stock Code: 8111

Ligitek Electronics Co., Ltd.
Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
and Independent Auditors' Report

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Independent Auditors' Report

To: Ligitek Electronics Co., Ltd.

Opinion

We have audited the parent company only financial statements of Ligitek Electronics Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

Please refer to Note 4.19 "Revenue Recognition" for details of the accounting policies.

Description on the key audit matter:

Sales revenue is a main indicator that investors and management use to evaluate financial and operating performances. Due to the industrial characteristics of the Company and that the sales prices are affected by fluctuations of market conditions, whether the timing of revenue recognition is correct or not would significantly affect the financial statements. Therefore, we consider revenue recognition as a key audit matter.

Audit procedures in response

The main audit procedures that we had performed to address the above matter are as following:

1. Understood and tested the effectiveness of the design and execution of the internal control system governing revenue recognition of the Company.
2. Tested correctness of the timing of revenue recognition.
3. Conducted analyses addressing sales to top ten clients and compared the changes to assess whether there is any significant abnormality.

Receivables - Valuation of Expected Credit Losses

Please refer to Note 4.6 of the financial statements for details of the accounting policies regarding evaluation of expected credit losses on receivables and Note 6.3 for loss allowance and related disclosures.

Description on the key audit matter:

Since the recognition of loss allowance according to the expected credit losses during the existing periods of receivables is based on the management's subjective judgment on the recoverable amounts and subjected to effects from the management's assumption on the clients' credit risks, plus the balance of receivables is material to the financial statements as a whole, we consider valuation of expected credit losses from receivables as a key audit matter in our audit of the financial statements.

Audit procedures in response

The main audit procedures that we had performed to address the above matter are as following:

1. Carefully evaluated the reasonableness of the management's assumption on valuation of expected credit losses from receivables and understood recent credit situations in the industry and payment collections in the previous year.
2. Tested correctness of aging reports, audited historical collection records, analyzed industrial and economic conditions and whether there is abnormality in concentration of credit risk, to evaluate the reasonableness of the recorded amount of loss allowance for receivables.
3. Regarding receivables generated from specific transactions, on the disputed issues, evaluated the legal proceedings related to the disputes, precedent rulings on similar transactions, various objective evidence related to the disputes and opinion from attorney, etc., to evaluate the

reasonableness of loss allowance for the receivables.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

4. or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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



The engagement partners on the audit resulting in this independent auditors' report are Lin, Chih-Lung and Wang, Wu-Chang.

Lin, Chih-Lung

Crowe (TW) CPAs
Taipei, Taiwan
Republic of China

Wang, Wu-Chang

March 13, 2024

Notice to Readers

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

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

Ligitek Electronics Co., Ltd.
 Parent company only Balance Sheets
 December 31, 2023 and 2022

In thousands of NTD

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Note 6.1)	\$ 446, 070	22	\$ 542, 119	25
1150	Notes receivables, net (Note 6.2)	1, 260	–	1, 348	–
1170	Accounts receivable, net (Note 6.3)	263, 283	13	258, 387	12
1180	Accounts receivable - related parties, net (Note 7)	1, 977	–	2, 206	–
1200	Other receivables	6, 768	–	2, 358	–
1210	Other receivables - related parties (Note 7)	35	–	572	–
1220	Current-period income tax assets	2, 210	–	29	–
130x	Inventories (Note 6.4)	100, 990	5	144, 546	7
1410	Prepayments	15, 541	1	24, 635	1
1476	Other financial assets - current (Note 6.5, Note 8)	238, 082	12	184, 380	9
1479	Other current assets - other	25	–	188	–
11xx	Total current assets	1, 076, 241	53	1, 160, 768	54
NONCURRENT ASSETS					
1517	Financial assets at FVTOCI - noncurrent (Note 6.6)	93, 243	5	94, 702	5
1550	Investments accounted for using equity method (Note 6.7)	346, 000	17	325, 543	15
1600	Property, plant and equipment (Note 6.8, Note 8)	405, 894	20	434, 113	21
1755	Right-of-use assets (Note 6.9)	22, 386	1	26, 468	1
1760	Investment properties, net (Note 6.10, Note 8)	24, 976	1	25, 064	1
1780	Intangible assets (Note 6.11)	5, 743	–	5, 511	–
1840	Deferred income tax assets (Note 6.27)	18, 687	1	31, 911	1
1915	Prepayments for equipment	4, 808	–	–	–
1920	Refundable deposits	41, 219	2	35, 234	2
1990	Other noncurrent assets - other	1, 839	–	2, 340	–
15xx	Total noncurrent assets	964, 795	47	980, 886	46
1xxx	TOTAL ASSETS	\$ 2, 041, 036	100	\$ 2, 141, 654	100

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Code	Liabilities and Equity	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT LIABILITIES					
2100	Short-term borrowings (Note 6.12)	\$ 446,750	22	\$ 466,750	22
2130	Contract liabilities - current (Note 6.21)	10,204	1	4,823	-
2150	Notes payable	79	-	107	-
2170	Accounts payable	54,821	3	65,909	3
2180	Accounts payable - related parties (Note 7)	7,037	-	17,118	1
2200	Other payables (Note 6.13)	59,913	3	61,336	3
2220	Other payables - related parties (Note 7)	1,175	-	1,066	-
2230	Current-period income tax liabilities	-	-	4,109	-
2250	Provisions - current (Note 6.14)	5,328	-	5,564	-
2280	Lease liabilities - current (Note 6.9)	6,905	-	7,012	-
2320	Long-term borrowings, due within one year or one business cycle (Note 6.15)	21,539	1	11,478	1
2399	Other current liabilities - other	3,651	-	3,727	-
21xx	Total current liabilities	<u>617,402</u>	<u>30</u>	<u>648,999</u>	<u>30</u>
NONCURRENT LIABILITIES					
2540	Long-term borrowings (Note 6.15)	21,468	1	14,634	1
2570	Deferred income tax liabilities (Note 6.27)	1,563	-	4,750	-
2580	Lease liabilities - noncurrent (Note 6.9)	16,363	1	20,352	1
2640	Net defined benefit liabilities - noncurrent (Note 6.16)	2,914	-	3,088	-
2645	Guarantee deposits received	7,950	1	4,065	-
25xx	Total noncurrent liabilities	<u>50,258</u>	<u>3</u>	<u>46,889</u>	<u>2</u>
2xxx	TOTAL LIABILITIES	<u>667,660</u>	<u>33</u>	<u>695,888</u>	<u>32</u>
EQUITY					
3100	Share capital (Note 6.17)	1,091,022	54	1,091,022	51
3200	Capital surplus (Note 6.18)	6,534	-	6,534	-
3300	Retained earnings (Note 6.19)	314,440	15	383,109	18
3310	Legal reserve	80,553	4	69,173	3
3320	Special reserve	34,899	1	53,119	3
3350	Unappropriated retained earnings	198,988	10	260,817	12
3400	Other equity interest (Note 6.20)	(38,620)	(2)	(34,899)	(1)
3410	Exchange differences on translation of foreign operations	22,734	1	27,503	1
3420	Unrealized gain (loss) on financial assets at FVTOCI	(61,354)	(3)	(62,402)	(2)
3xxx	TOTAL EQUITY	<u>1,373,376</u>	<u>67</u>	<u>1,445,766</u>	<u>68</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 2,041,036</u>	<u>100</u>	<u>\$ 2,141,654</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

Ligitek Electronics Co., Ltd.
Parent company only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Code	Item	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.21)	\$ 672,450	100	\$ 721,395	100
5000	Operating costs (Note 6.4)	(495,729)	(74)	(497,942)	(69)
5900	Gross profit from operations	176,721	26	223,453	31
6000	Operating expenses	(148,234)	(22)	(144,116)	(20)
6100	Selling expenses	(46,207)	(7)	(42,431)	(6)
6200	Administrative expenses	(65,373)	(10)	(67,677)	(9)
6300	Research and development expenses	(34,743)	(5)	(33,959)	(5)
6450	Loss on expected credit impairment	(1,911)	-	(49)	-
6900	Operating income	28,487	4	79,337	11
7000	Non-operating income and expenses	44,900	7	66,769	9
7100	Interest income (Note 6.23)	26,662	4	9,224	1
7010	Other income (Note 6.24)	5,007	1	5,216	1
7020	Other gains and losses (Note 6.25)	(167)	-	67,705	9
7050	Financial costs (Note 6.26)	(8,991)	(1)	(7,654)	(1)
7070	Shares of subsidiaries, associates and joint ventures accounted for using equity method	22,389	3	(7,722)	(1)
7900	INCOME BEFORE INCOME TAX	73,387	11	146,106	20
7950	INCOME TAX (EXPENSE) BENEFIT (Note 6.27)	(10,491)	(2)	(31,523)	(4)
8200	NET INCOME	62,896	9	114,583	16
OTHER COMPREHENSIVE INCOME (LOSS) (Note 6.28)					
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan	(642)	-	264	-
8316	Unrealized gains (losses) on valuation of equity instruments at FVTOCI	997	-	(5,758)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from translation of foreign operations	(4,769)	(1)	26,786	4
8367	Unrealized gains (losses) on valuation of debt instruments at FVTOCI	51	-	(2,808)	-
8300	Other comprehensive income (loss) for the year, net	(4,363)	(1)	18,484	3
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 58,533	8	\$ 133,067	19
EARNINGS PER SHARE					
9750	Basic earnings per share (Note 6.29)	\$ 0.58		\$ 1.05	
9850	Diluted earnings per share (Note 6.29)	\$ 0.58		\$ 1.04	

(The accompanying notes are an integral part of the parent company only financial statements.)

Ligitek Electronics Co., Ltd.
Parent company only Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Item	Share capital - common stock	Capital surplus	Retained earnings			Unappropriated retained earnings	Other equity interest			Total equity
			Legal reserve	Special reserve			Exchange differences on translation of foreign operations	Unrealized gains (losses) on valuation of financial assets at FVTOCI		
Balance on January 1, 2022	\$ 1,091,022	\$ 6,534	\$ 29,837	\$ 48,613	\$ 419,979	\$ 717	\$ (53,836)	\$ 1,542,866		
Appropriation and distribution of earnings:										
Legal reserve	–	–	39,336	–	(39,336)	–	–	–	–	–
Special reserve	–	–	–	4,506	(4,506)	–	–	–	–	–
Cash dividends of common shares	–	–	–	–	(229,115)	–	–	(229,115)		
Net profit (loss) for 2022	–	–	–	–	114,583	–	–	–	114,583	
Other comprehensive income (loss) for 2022	–	–	–	–	264	26,786	(8,566)	18,484		
Total comprehensive income (loss) for 2022	–	–	–	–	114,847	26,786	(8,566)	133,067		
Difference between acquisition or disposal price of equity shares of subsidiaries and the carrying value	–	–	–	–	(1,052)	–	–	(1,052)		
Balance on December 31, 2022	\$ 1,091,022	\$ 6,534	\$ 69,173	\$ 53,119	\$ 260,817	\$ 27,503	(\$ 62,402)	\$ 1,445,766		
Balance on January 1, 2023	\$ 1,091,022	\$ 6,534	\$ 69,173	\$ 53,119	\$ 260,817	\$ 27,503	(\$ 62,402)	\$ 1,445,766		
Appropriation and distribution of earnings:										
Legal reserve	–	–	11,380	–	(11,380)	–	–	–	–	–
Cash dividends of common shares	–	–	–	–	(130,923)	–	–	(130,923)		
Reversal of special reserve	–	–	–	(18,220)	18,220	–	–	–	–	–
Net profit (loss) for 2023	–	–	–	–	62,896	–	–	62,896		
Other comprehensive income (loss) for 2023	–	–	–	–	(642)	(4,769)	1,048	(4,363)		
Total comprehensive income (loss) for 2023	–	–	–	–	62,254	(4,769)	1,048	58,533		
Balance on December 31, 2023	\$ 1,091,022	\$ 6,534	\$ 80,553	\$ 34,899	\$ 198,988	\$ 22,734	(\$ 61,354)	\$ 1,373,376		

(The accompanying notes are an integral part of the parent company only financial statements.)

Ligitek Electronics Co., Ltd.
Parent company only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Item	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 73,387	\$ 146,106
Adjustments:		
Income/gain and expense/loss items		
Depreciation expense	41,556	41,758
Amortization expense	762	756
Loss (gain) on expected credit impairment	1,911	49
Interest expense	8,991	7,654
Interest income	(26,662)	(9,224)
Shares of loss (gain) of subsidiaries, associates and joint ventures accounted for using equity method	(22,389)	7,722
Loss (gain) on disposal or scrapping of property, plant and equipment	122	-
Loss (gain) on disposal of other assets	(786)	-
Other items	(241)	(1,683)
Total income/gain and expense/loss items	<u>3,264</u>	<u>47,032</u>
Changes in operating assets / liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	89	7,834
Decrease (increase) in accounts receivable	(6,934)	8,968
Decrease (increase) in accounts receivable - related parties	229	1,828
Decrease (increase) in other receivables	(460)	306
Decrease (increase) in other receivables - related parties	537	3,433
Decrease (increase) in inventories	43,556	31,316
Decrease (increase) in prepayments	8,930	(18,590)
Decrease (increase) in other current assets	163	(33)
Decrease (increase) in other operating assets	127	-
Total net changes in operating assets	<u>46,237</u>	<u>35,062</u>
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	5,381	3,570
Increase (decrease) in notes payable – related parties	(28)	-
Increase (decrease) in accounts payable	(11,088)	(11,710)
Increase (decrease) in accounts payable – related parties	(10,080)	1,093
Increase (decrease) in other payables	(1,908)	(9,974)
Increase (decrease) in other payables – related parties	109	176
Increase (decrease) in provisions	(236)	(167)
Increase (decrease) in other current liabilities	(76)	(120)
Increase (decrease) in net defined benefit liabilities	(816)	(794)
Total net changes in operating liabilities	<u>(18,742)</u>	<u>(17,926)</u>
Total net changes in operating assets and liabilities	<u>27,495</u>	<u>17,136</u>
Total adjustments	<u>30,759</u>	<u>64,168</u>
Cash generated from (used in) operations	104,146	210,274
Interest received	22,711	7,000
Dividend received	-	22,006
Interest paid	(8,983)	(7,575)
Income taxes refunded (paid)	(6,745)	(566)
Net cash flows from (used in) operating activities	<u>111,129</u>	<u>231,139</u>

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CASH FLOWS FROM INVESTING ACTIVITIES

Returned capital from capital reduction of investee companies accounted for using equity method	–	348,432
Acquisition of property, plant and equipment	(9,792)	(16,229)
Proceeds from disposal of property, plant and equipment	126	–
Increase in refundable deposits	(5,985)	–
Decrease in refundable deposits	–	517
Acquisition of intangible assets	(830)	(566)
Increase in other financial assets	(53,702)	(48,160)
Other investing activities	1,286	–
Net cash flows from (used in) investing activities	(68,897)	283,994

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in short-term borrowings	(20,000)	(34,000)
Long-term borrowings	16,895	–
Repayments of long-term loans	–	(19,093)
Increase in guarantee deposits received	3,884	586
Lease principal repayments	(8,137)	(8,317)
Distribution of cash dividends	(130,923)	(229,115)
Net cash flows from (used in) financing activities	(138,281)	(289,939)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,049)	225,194
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	542,119	316,925
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 446,070	\$ 542,119

(The accompanying notes are an integral part of the parent company only financial statements.)

Ligitek Electronics Co., Ltd.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. General Information

Ligitek Electronics Co., Ltd. (hereinafter, the “Company”), founded on June 27, 1989 after approval of the Ministry of Economic Affairs.

The Company primarily engages in manufacturing, processing and trading of various electronic components (Light-Emitting Diodes (LED), monitors), along with import/export trading, agent, distribution, bidding and quotation businesses of the above related products and raw materials.

The Company's shares have been listed and traded on the Taipei Exchange since February 9, 2004.

The functional currency of the Company is New Taiwan dollars.

2. The Authorization of the Parent Company Only Financial Statements

The accompanying parent company only financial statements were approved and authorized for issuance by the board of directors on March 13, 2024.

3. Application of Newly Issued and Amended Standards and Interpretations

3.1 The impact of adopting the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note A)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note B)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note C)
Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”	(Note D)

Note A: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note B: These amendments apply to changes in accounting estimates and changes in

accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C: This amendment applies to transactions occurring after the beginning date of the earliest comparative period expressed (January 1, 2022), unless additional provisions are made for temporary differences related to lease and decommissioning obligations.

Note D: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(1) Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, immaterial accounting policy information that relates to material transactions, other events or conditions need not to be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented (January 1, 2022), recognize deferred taxes for all deductible and taxable temporary differences associated with lease and decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The application of this amendment shall be deferred for all other transactions occurring after January 1, 2022.

The Company has assessed that the above standards and interpretations have had no material impact on the Company's financial position and financial performance.

(4) Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

The amendments stipulates that, as a temporary exception to IAS 12, corporations shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform. However, corporations shall disclose in its financial reports that it has applied this exception. In addition, corporations shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, corporations should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

Based on the Company's assessment, the New IFRSs above have no significant effect on the Company's financial position and financial performance.

3.2 The impact of not yet adopting the newly issued and revised IFRSs endorsed by the FSC is summarized in the following table:

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note A)
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Noncurrent Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements ”	January 1, 2024 (Note B)

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

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

(1) Amendments to IFRS 16 “Lease liability in a sale and leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendments clarify that when an entity determines whether a liability is classified as noncurrent, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as noncurrent regardless whether the entity expects whether to

exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity's equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity's equity instruments, and this option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Presentation", then the classification of the liability will not be affected.

(3) Amendment to IAS 1 "Noncurrent Liabilities with Covenants"

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as noncurrent and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Company's assessment, the application of the New IFRSs above will not have significant impact on the Company's financial position or financial performance.

3.3 The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by IASB but not endorsed and issued into effect by the FSC are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

- (1) Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - A. Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss (“FVTPL”).
 - B. Financial assets and liabilities measured at fair value through other comprehensive income (“FVTOCI”).
 - C. Liabilities for cash-settled share-based payment agreements measured at fair value.
 - D. Defined benefit liabilities recognized based on the present value of defined benefit obligation, net of the pension fund assets.

(2) The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

4.3 Foreign Currency Exchange

(1) Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction or measurement date, and the resulting translation differences are recognized in profit or loss for the period.
- B. The balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
- C. The balances of non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL are adjusted at the exchange rates prevailing on the balance sheet date, with the resulting exchange differences recognized in profit or loss for the current period; those measured at FVTOCI are adjusted at the exchange rates prevailing on the balance sheet date, with the resulting exchange differences recognized in other comprehensive income; those not measured at fair value are measured at the historical exchange rates at the date of initial transaction.

(2) Translation of foreign operations

- A. The results of operations and financial position of all subsidiaries, affiliates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency in the following manner:
 - (A) Assets and liabilities expressed in each balance sheet are translated at the closing rate on that balance sheet date.
 - (B) The income and expenses expressed in each consolidated statement of income are translated at average exchange rates for the period.
 - (C) All conversion differences arising from the translation are recognized as other comprehensive income.

- B. When a foreign operation partially disposed of or sold is a related entity or a jointly controlled entity, the exchange differences under other comprehensive income or loss are proportionately reclassified to profit or loss as part of the gain or loss on disposal. However, when the Company loses significant influence over a foreign operation that is a related entity or loses joint control over a foreign operation that is a jointly controlled entity even though it retains a portion of its interest in the former related entity or jointly controlled entity, the disposal is treated as a disposal of the entire interest in the foreign operation.
- C. When a foreign operating entity partially disposed of or sold is a subsidiary, the cumulative translation differences recognized in other comprehensive income or loss are reattributed to the noncontrolling interest in the foreign operating entity on a pro rata basis. However, when the Company loses control over a foreign operating entity that is a subsidiary even though it retains a portion of its interest in the former subsidiary, it is treated as a disposal of its entire interest in the foreign operating entity.

4.4 Classification of Current and Noncurrent Assets and Liabilities

- (1) Assets that meet one of the following criteria are classified as current assets:
 - A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
 - B. Assets held mainly for trading purposes.
 - C. Assets that are expected to be realized within twelve months from the balance sheet date.
 - D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date

The Company classifies all assets that do not meet the above criteria as noncurrent.
- (2) Liabilities that meet one of the following criteria are classified as current liabilities:
 - A. Liabilities that are expected to be paid off within the normal operating cycle.
 - B. Liabilities arising mainly from trading activities.
 - C. Liabilities that are to be paid off within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue.

D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as noncurrent.

4.5 Cash and cash equivalents

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

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially recognized at fair value. On initial recognition, transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than those classified as financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities. Transaction costs that are directly attributable to financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial Assets

A. Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

The types of financial assets held by the Company are financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

(A) Financial assets at FVTPL

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

Financial assets are designated as measured at FVTPL on initial recognition if the designation eliminates or significantly reduces the measurement or recognition inconsistency.

Financial assets measured at FVTPL are initially measured at fair value, with the generated dividends recognized in other income, and interest income and gains or losses arising from remeasurements are recognized in other gains or losses. Please refer to Note 12 for the determination of fair value.

(B) Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

(C) Equity investments measured at fair value through other comprehensive income

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

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

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

B. Impairment of financial assets

- (A) The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable), debt investments measured at FVTOCI, lease receivables, and contract assets.
- (B) The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e., ECLs) for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.
- (C) Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- (D) The Company recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVTOCI, for which the loss

allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

C. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive cash flows from the financial asset expire.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it does not retain control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt investment measured at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

(2) Equity Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs

(3) Financial Liabilities

A. Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

(A) Financial liabilities at FVTPL are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term. Derivatives are also categorized as financial liabilities held for trading unless they are financial guarantee contracts or designated and effective hedging derivatives. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- a. They are hybrid (combined) contract with embedded derivatives where the host contract is not an asset within the scope of IFRS 9; or
- b. Eliminable or significant reduction of measurement or recognition inconsistencies; or
- c. It is an instrument that is managed on a fair value basis and its performance is evaluated in accordance with the written risk management policy.

(B) Financial liabilities at FVTPL are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(C) For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is presented in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

B. Derecognition of financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires.

The difference between the carrying amount of a financial liability

derecognized and the consideration paid, including any non-financial assets transferred or liabilities assumed, is recognized in profit or loss.

(4) Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.7 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.8 Investments accounted for using equity method

The Company uses equity method for investments in subsidiaries, associates and jointly control entities.

(1) Investment in subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses on transactions between the Company and its subsidiaries are eliminated. Necessary adjustments have been performed in accounting policies of subsidiaries to ensure their consistency with the policies adopted by the Company.
- C. The shares of profit and loss which happen after the acquisition of subsidiary by the Company are recognized as profit and loss of the current period, while shares other comprehensive income recognized as other comprehensive income. If the shares of loss recognized exceed equity of the Company in the subsidiary, the Company recognizes loss continuously to the extent of shareholding.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or fair value on initial recognition of investing associate or the cost on joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from

equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) Investment in associates

- A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly, 20 per cent or more of the voting power of the investee. Investments in associates are initially recognized at cost and are accounted for using the equity method.
- B. The Company's share of its associate's profit or loss after the date of acquisition is recognized in the Company's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Company's other comprehensive incomes. When the Company's share of losses of its associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- E. Upon loss of significant influence over an associate, the Company remeasures any retained investment in the former associate at its fair value. Any difference between the fair value and carrying amount is recognized in profit or loss

- F. When the Company disposes its investment in an associate, if it loses significant influence over the associate, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. If it still retains significant influence over the associate, then the Company shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.
- G. When the Company disposes its investment in an associate, if it loses significant influence over the associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(3) The Company uses the equity method to recognize its interest in a joint venture. Unrealized gains or losses on transactions between the Company and its equity-method investee are eliminated in proportion to the Company's interest in the equity-method investee. The Company recognizes its share of the post-acquisition gain or loss on the equity-method investee's acquisition of the equity-method investee in the current period and its share of the post-acquisition loss or loss on the equity-method investee's acquisition of the equity-method investee in the Company's other consolidated assets. If there is evidence that the net realizable value of an asset has decreased or an impairment loss on an asset has been incurred, the full amount of the loss is recognized immediately. If the Company's share of loss in any joint venture equals or exceeds its interest in that joint venture (including any other unsecured receivables), the Company does not recognize further loss unless it has incurred legal or constructive obligations or made payments on behalf of that joint venture.

(4) In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current-period profit or loss and other comprehensive income or loss in the individual financial statements should be the same as the apportionment of the current profit or loss and other comprehensive income or loss attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owners' equity in the individual financial statements should be the same as the equity attributable to the owners

of the parent company in the financial statements prepared on a consolidated basis.

4.9 Property, Plant and Equipment

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- (2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss as incurred.
- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 50 years
Machinery	5 ~ 10 years
Transportation equipment	5 ~ 10 years
Other equipment	2 ~ 10 years

- (4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

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

(1) The Company as a lessee

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

Right-of-use assets

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

Right-of-use assets are presented as a separate line item in the parent company only balance sheets, except for those that meet the definition of investment properties.

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

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily

determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented as a separate line item in the parent company only balance sheets.

The Company negotiated with the lessors for rent concessions as a direct consequence of the covid-19 pandemic and adjusted lease payments originally due on or before 30 June 2022 to be less than, or substantially the same as the payments for the lease immediately preceding the change. There is no substantive change to other terms and conditions of the lease. The Company elected to apply the practical expedient to all of rent concessions met the conditions aforementioned. That is, the Company did not assess whether the change would result in a lease modification. Instead, the Company reduced lease liabilities and recognized the corresponding rent reduction in profit or loss as other income when the event or condition that triggers those reductions occurs.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(2) The Company as a lessor

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

When a lease includes both land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately allocating lease payments (including any lump-sum upfront payments)

between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

4.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use. Investment properties also included right-of-use assets that meet the definition of investment property.

Owned investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

All investment properties are depreciated using the straight-line method.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

The amount of gain or loss on derecognition of an investment property is the difference between the net disposal proceeds and the carrying amount of the asset, which is recognized in profit or loss.

4.12 Intangible assets

Separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows: Computer software, 2 to 5 years; Trademarks and patents, the period of contractual rights or the future economic benefits flowing to the Company. The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates is accounted for on a prospective basis.

Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested annually for impairment.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss

arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.13 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

Regarding goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, their recoverable amounts should be estimated periodically. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.14 Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability with amortization of discount recognized as interest expense. Provisions are not recognized for future operating losses.

4.15 Employee benefits

Short-term employee benefits

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

Pensions

A. Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are

recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

B. Defined benefit plan

(A) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current or prior period(s). The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) using a currency and period consistent with that of the defined benefit plan at the balance sheet date.

(B) Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.

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

(3) Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

(4) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

16. Share capital and treasury shares

(1) Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities; otherwise, they are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

(2) Treasury Shares

The Company's treasury shares that have not been disposed or retired are stated at cost and shown as a deduction in stockholders' equity. When treasury shares are sold, if the selling price is above the book value, the difference is credited to the capital surplus–treasury share transactions; if the selling price is below the book value, the difference is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The carrying value of treasury shares is calculated using the weighted-average approach in accordance with the purpose of repurchase.

Upon retirement, treasury shares are derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury shares in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury shares in excess of the carrying value is credited to capital surplus from the same class of treasury share transactions.

4.17 Share-based payment transactions

(1) For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting

conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

- (2) For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.18 Income tax

- (1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders approve to retain earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (tax loss), or doesn't give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that

have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- (4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- (5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) Tax preference resulted from acquisitions of equipment of technology, research and development expenditures, educations and trainings and equity investments should recognized as tax credit while applying accounting policies.

4.19 Revenue Recognition

The Company applies the following steps for revenue recognition:

- (1) Identifying the contract;
- (2) Identifying performance obligations;
- (3) Determine the transaction price;
- (4) Allocating the transaction price to performance obligations; and
- (5) Recognizing revenue when (or as) a performance obligation is satisfied.

The Company identifies performance obligations in a contract with the customer, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within one year, the Company does not adjust

the promised amount of consideration for the effect of a significant financing component.

A. Revenue from the sale of goods

The Company recognizes revenue when control of a product is transferred to a customer. Transfer of control of the product means that the product has been delivered to the customer and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery is the point at which the customer has accepted the product in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all acceptance conditions have been met.

The Company records accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

B. Provision of services

The services provided by the Company are mainly contracted works from customers and revenue is recognized when the promised services are transferred to the customer (i.e., when the customer obtains control of the asset) and there is no subsequent obligation.

4.20 Operating segments

An operating segment is a component unit of an enterprise that engages in operating activities that may generate revenues and expenses, including revenues and expenses from transactions with other components of the enterprise. The operating results of an operating segment are reviewed regularly by the enterprise's operating decision maker to make decisions about the allocation of resources to the segment, to evaluate the performance of the segment, and to have separate financial information.

4.21 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

5. Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

The Company takes into account the economic impact of the covid-19 pandemic / changes in climates and related governmental policies and regulations / the conflicts between Ukraine and Russia as well as related international sanctions / inflation and volatility in interest rate on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the parent company only financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Determination of business model for financial asset classification

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment involves judgment and consideration of all relevant evidence, such as how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how the managers of the assets are compensated. The Company continually evaluates the appropriateness of its business model judgments and monitors financial assets carried at amortized cost and investments in debt instruments measured at fair value through other comprehensive income or loss that are derecognized before maturity to understand the reasons for their disposal to assess whether the disposal is consistent with the objectives of the business model. If a change in the operating model is identified, the Company reclassifies financial assets in accordance with IFRS 9 and defers its application from the date of reclassification.

(2) Revenue recognition

A. The Company assesses if it controls the specified good or service before that good or service is transferred to a customer to determine whether it is acting as

a principal or as an agent in the transaction in accordance with IFRS 15. Where the Company acts as an agent, revenue is recognized on a net basis.

The Company shall be the principal if any of the following apply.

- (A) Before a commodity or other asset is transferred to a customer, the Company obtains control of the commodity or asset from another party.
- (B) A right to a service to be performed by the other party, which gives the Company the ability to direct that party to provide the service to the customer on the Company's behalf.
- (C) A commodity or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

B. Indicators that the Company controls the specified good or service before it is transferred to the customer include, but are not limited to, the following:

- (A) The entity is primarily responsible for fulfilling the promise to provide the specified good or service.
- (B) The entity has inventory risk before or after the specified good or service has been transferred to a customer.
- (C) The Company has the right to set prices at its discretion.

(3) Lease terms

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken (or expected to be undertaken) over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Company occurs.

5.2 Critical accounting estimates and assumptions

(1) Revenue Recognition

Sales revenue, excluding related estimated sales returns, discounts and other similar allowance, is recognized when the control of goods or services is transferred to the customer and the Company satisfies its performance obligation. The Company estimates sales returns and allowance based on historical experience and other known factors. The Company reassesses the reasonableness of the estimates periodically

(2) Estimated impairment of financial assets

The provision for impairment of accounts receivables, debt investments, and financial guarantee contracts is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for impairment calculation based on the Company's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(3) Fair value measurements and valuation processes

Where some of the Company's assets and liabilities measured at fair value have no quoted prices in active markets, the Company determines, based on relevant regulations and judgment, whether to engage third party qualified valuers and the appropriate valuation techniques for the fair value measurements. Where Level 1 inputs are not available, the Company determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, the most recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs periodically according to market conditions to monitor the appropriateness of the fair value measurement.

(4) Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

(5) Impairment assessment of investments accounted for using the equity method

The Company assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

(6) Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

(7) Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value.

(8) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

(9) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

6. Description of Significant Accounting Items

6.1 Cash and cash equivalents

Item	December 31, 2023	December 31, 2022
Cash	\$ 228	\$ 290
Check deposits	10	10
Demand deposits and foreign currency deposits	415, 172	511, 089
Cash equivalents		
Short-term notes with original maturities within three months	30, 660	30, 730
Total	\$ 446, 070	\$ 542, 119

- (1) The Company deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the possibility of default is expected to be low.
- (2) The Company has no cash and cash equivalents pledged to others.
- (3) The cash equivalents as of December 31, 2023 and 2022 were bonds with repurchase agreements for the periods from December 13, 2023 to January 15, 2024 and from December 7, 2022 to January 9, 2023, respectively, with interest rates of 5.50% and 4.10%, respectively.

6.2 Notes receivable, net

Item	December 31, 2023	December 31, 2022
Notes receivable	\$ 1,273	\$ 1,362
Less: Loss allowance	(13)	(14)
Notes receivable, net	<u>\$ 1,260</u>	<u>\$ 1,348</u>

- (1) As of December 31, 2023 and 2022, none of notes receivable is discounted by the Company.
- (2) As of December 31, 2023 and 2022, none of notes receivable is pledged by the Company.
- (3) For information on loss allowance of notes receivable, please refer to Note 6.3 Accounts receivable.

6.3 Accounts receivable, net

Item	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 281,286	\$ 274,351
Less: Loss allowance	(18,003)	(15,964)
Accounts receivable, net	<u>\$ 263,283</u>	<u>\$ 258,387</u>

The average credit period of sale of goods ranges from 60 to 150 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

The Company has no accounts receivable pledged to others.

- (1) Accounts receivable of the Company are measured at amortized cost. As of December 31, 2023 and 2022, none of notes receivable is discounted by the Company.
- (2) The Company uses the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses (i.e., ECLs) for notes receivables and accounts receivables. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial

position of the debtor, adjusted for current and forecast economic conditions of the industry in which the debtors operate as well as for external credit rating. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The loss allowances of notes receivable and accounts receivable, including those from related parties, were detailed below:

December 31, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-1%	\$ 165, 842	\$ 13	\$ 165, 829
Past due 31~90 days	3%	26, 463	1	26, 462
Past due 91~180 days	20%	12, 346	–	12, 346
Past due 181~365 days	50%	1, 556	345	1, 211
Past due over 365 days (Note)	100%	79, 327	18, 655	60, 672

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%-1%	\$ 197, 730	\$ 14	\$ 197, 716
Past due 31~90 days	3%	1, 232	10	1, 222
Past due 91~180 days	20%	173	–	173
Past due 181~365 days	50%	455	228	227
Past due over 365 days (Note)	100%	79, 454	16, 851	62, 603

Note: The accounts receivable of Sunset Project of mercury vapor lamp awarded from Taichung City Government is included. Please refer to Note 12.4 for relevant information.

(3) The movements of the loss allowances of notes receivable and accounts receivable, including those from related parties, were as follows:

Item	2023	2022
Balance on January 1	\$ 17, 103	\$ 17, 054
Add: Recognition of impairment losses	1, 911	49
Less: Reversal of impairment losses	–	–
Less: Derecognition	–	–
Less: Uncollectible accounts written off	–	–
Effects from foreign exchange difference	–	–
Others	–	–
Balance on December 31	<u>\$ 19, 014</u>	<u>\$ 17, 103</u>

(4) Please refer to Note 12 for information on relevant credit risk management and valuation method.

6.4 Inventories and cost of goods sold

Item	December 31, 2023	December 31, 2022
Raw materials	\$ 24,017	\$ 23,632
Merchandise	1,073	6,648
Work in process	17,230	40,162
Finished goods	58,670	74,104
Net amount	<u>\$ 100,990</u>	<u>\$ 144,546</u>

(1) Inventory-related losses (gains) recognized as cost of goods sold were as follows:

	2023	2022
Cost of goods sold	\$ 444,558	\$ 443,264
Unallocated overheads	52,734	51,499
Loss on decline (reversal gain) in market value of inventories	(1,554)	3,179
Gain on inventory counts	(9)	–
Total operating costs	<u>\$ 495,729</u>	<u>\$ 497,942</u>

(2) In 2023 and 2022, the Company wrote down its inventories to net realizable value.

The amount of the write-down was reversed from obsolete inventories sold due to growth of the industry. The Company thus recognized inventory valuation loss (reversal gain) of (\$1,554) thousand and \$3,179 thousand for 2023 and 2022, respectively.

(3) The Company has no inventories pledged to others.

6.5 Other financial assets

Item	December 31, 2023	December 31, 2022
Other financial assets - current		
Reserved deposits	\$ 2,000	\$ –
Restricted time deposits	174,762	184,380
Time deposits over 3 months	61,320	–
Total	<u>\$ 238,082</u>	<u>\$ 184,380</u>

6.6 Financial assets at FVTOCI

Item	December 31, 2023	December 31, 2022
Debt instruments		
Corporate bonds	\$ 15,499	\$ 15,170
Valuation adjustment	(3,245)	(3,296)
Subtotal	12,254	11,874
Equity instruments		
Unlisted shares, domestic & foreign	\$ 137,447	\$ 137,447
Valuation adjustment	(56,458)	(54,619)
Subtotal	80,989	82,828
Total	\$ 93,243	\$ 94,702

- (1) The Company invests in the stocks of domestic and foreign companies for medium- to long-term strategic purposes and expects to earn profits from these investments over the long term. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore has elected to designate these investments as measured at FVTOCI. The fair values of these investments as of December 31, 2023 and 2022 are \$80,989 thousand and \$82,828 thousand, respectively.
- (2) After evaluation, there is no expected credit impairment loss allowance to be recognized for the above recorded debt instrument investments measured at FVTOCI.
- (3) Please refer to Note 12 for information on relevant management and measurement of credit risk.

6.7 Investments accounted for using the equity method

Investees	December 31, 2023	December 31, 2022
Subsidiary		
Ligitrust Co., Ltd.	\$ 86,097	\$ 83,819
O.H. Technology Co., Ltd.	201,257	180,635
Ligitek (Samoa) Co., Ltd.	58,646	61,089
Total	\$ 346,000	\$ 325,543

Subsidiary:

- (1) For information on subsidiaries, please refer to Note 4.3 in the 2023 consolidated financial statements of the Company.
- (2) Investments accounted for using the equity method with the Company's share of profit and loss and of other comprehensive income are calculated according to financial statements audited by independent auditors.

(3) For information on the reinvestments through Ligitek (Samoa) Co., Ltd. in the subsidiaries in Mainland China, please refer to Note 13.3 "Disclosures on Investment in Mainland China."

(4) All subsidiaries invested by the Company are included and reported as component entities of the consolidated financial statements.

6.8 Property, plant and equipment

	December 31, 2023	December 31, 2022
Assets used by the Company	\$ 405,894	\$ 434,113
Assets under operating leases	-	-
Total	\$ 405,894	\$ 434,113

(1) The amount of capitalization of borrowing costs was \$0 thousand dollar in 2023 and 2022.

(2) Please refer to Note 8 for information on the Company's property, plant and equipment that were pledged to others.

(3) As there was no indication of impairment in 2023 and 2022, no impairment assessment was performed.

Assets used by the Company

	December 31, 2023		December 31, 2022	
	\$	-	\$	-
Land	\$	-	\$	-
Buildings		624,468		624,468
Machinery		306,000		308,480
Other equipment		42,438		40,350
Total cost		972,906		973,298
Less: Accumulated depreciation		(567,012)		(539,185)
Accumulated impairment		-		-
Total	\$ 405,894		\$ 434,113	
	Land	Buildings	Machinery	Other Equipment
<u>Cost</u>				Total
Balance on January 1, 2023	\$ -	\$ 624,468	\$ 308,480	\$ 40,350
Additions	-	-	2,079	3,382
Disposals	-	-	(4,559)	(1,294)
Reclassified	-	-	-	-
Effect of foreign currency exchange difference	-	-	-	-
Transfer to assets under operating leases	-	-	-	-
Balance on December 31, 2023	\$ -	\$ 624,468	\$ 306,000	\$ 42,438

Accumulated depreciation and impairment

Balance on January 1, 2023	\$ -	\$ 299,861	\$ 212,221	\$ 27,103	\$ 539,185
Depreciation expense	-	11,322	18,863	3,248	33,433
Disposals	-	-	(4,559)	(1,047)	(5,606)
Effect of foreign currency exchange difference	-	-	-	-	-
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2023	\$ -	\$ 311,183	\$ 226,525	\$ 29,304	\$ 567,012

	Land	Buildings	Machinery	Other Equipment	Total
<u>Cost</u>					
Balance on January 1, 2022	\$ -	\$ 623,373	\$ 294,482	\$ 39,614	\$ 957,469
Additions	-	1,095	13,998	669	15,762
Disposals	-	-	-	-	-
Reclassified	-	-	-	67	67
Effect of foreign currency exchange difference	-	-	-	-	-
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 624,468</u>	<u>\$ 308,480</u>	<u>\$ 40,350</u>	<u>\$ 973,298</u>
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2022	\$ -	\$ 288,589	\$ 193,691	\$ 23,547	\$ 505,827
Depreciation expense	-	11,272	18,530	3,556	33,358
Disposals	-	-	-	-	-
Effect of foreign currency exchange difference	-	-	-	-	-
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 299,861</u>	<u>\$ 212,221</u>	<u>\$ 27,103</u>	<u>\$ 539,185</u>

6.9 Lease agreements

(1) Right-of-use assets

Item	December 31, 2023	December 31, 2022
Land	\$ 44,555	\$ 44,555
Other equipment	5,236	8,458
Total cost	49,791	53,013
Less: Accumulated depreciation	(27,405)	(26,545)
Accumulated impairment	-	-
Total	\$ 22,386	\$ 26,468
	Land	Other Equipment
Cost		Total
Balance on January 1, 2023	\$ 44,555	\$ 8,458
Increase for the period	-	4,041
Decrease for the period	-	(7,263)
Effect of foreign currency exchange difference	-	-
Balance on December 31, 2023	<u>\$ 44,555</u>	<u>\$ 5,236</u>
<u>Accumulated depreciation and impairment</u>		
Balance on January 1, 2023	\$ 19,884	\$ 6,661
Depreciation expense	5,287	2,836
Decrease for the period	-	(7,263)
Effect of foreign currency exchange difference	-	-
Balance on December 31, 2023	<u>\$ 25,171</u>	<u>\$ 2,234</u>

	Land	Other Equipment	Total
<u>Cost</u>			
Balance on January 1, 2022	\$ 42,171	\$ 8,458	\$ 50,629
Increase for the period	2,384	—	2,384
Decrease for the period	—	—	—
Effect of foreign currency exchange difference	—	—	—
Balance on December 31, 2022	<u>\$ 44,555</u>	<u>\$ 8,458</u>	<u>\$ 53,013</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2022	\$ 14,598	\$ 3,547	\$ 18,145
Depreciation expense	5,286	3,114	8,400
Decrease for the period	—	—	—
Effect of foreign currency exchange difference	—	—	—
Balance on December 31, 2022	<u>\$ 19,884</u>	<u>\$ 6,661</u>	<u>\$ 26,545</u>

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ 6,905	\$ 7,012
Noncurrent	<u>\$ 16,363</u>	<u>\$ 20,352</u>

The ranges of discount rates for the lease liabilities:

	December 31, 2023	December 31, 2022
Land	1.873%	1.873%
Other equipment	1.419%~1.53%	1.419%~1.767%

Please refer to Note 12.2 for information on the maturity analysis of the lease liabilities.

(3) Major lease-in activities and terms

The Company leases state-owned land, certain buildings and other equipment for use as office premises, plant and by vehicles for terms of 1 to 20 years, and the Company has recorded the right to renew the leases after the expiry of the lease terms in the lease liabilities. In addition, per the contracts, the Company is prohibited from subleasing the underlying assets without the lessor's consent. As of December 31, 2023 and 2022, there was no indication of impairment for the right-of-use assets. Therefore, no impairment assessment was performed for these assets.

As the market economy is severely affected by the covid-19 pandemic in 2022, the Company negotiated the lease of plant with the lessor. The lessor agreed to unconditionally reduce the rentals by 20% from January 1, 2022 to December 31, 2022. The corresponding effects of \$1,142 thousand resulting from the rent concessions for 2022 were recognized as other income in profit and loss.

(4) Other lease information

A. Expenses relating to leases for the year is as follows

Item	2023	2022
Expenses relating to short-term leases	\$ 166	\$ 120
Expenses relating to low-value asset leases	\$ -	\$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ -	\$ -
Total cash outflow for leases (Note)	\$ 8,766	\$ 9,012

Note: Payments of the principal portion of lease liabilities are included.

The Company elected to apply the recognition exemption for short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases for 2023 and 2022.

6.10 Investment properties

Item	December 31, 2023		December 31, 2022	
	Land	Buildings	Land	Buildings
Land	\$ 24,112		\$ 24,112	
Buildings		\$ 3,075		\$ 3,075
Total cost		27,187		27,187
Less: Accumulated depreciation	(2,211)		(2,123)	
Accumulated impairment		-		-
Net amount	\$ 24,976		\$ 25,064	
	Land	Buildings	Total	
Cost				
Balance on January 1, 2023	\$ 24,112	\$ 3,075	\$ 27,187	
Additions	-		-	
Disposals	-		-	
Reclassified	-		-	
Effect of foreign currency exchange difference	-		-	
Balance on December 31, 2023	\$ 24,112	\$ 3,075	\$ 27,187	

Accumulated depreciation and impairment						
Balance on January 1, 2023	\$	–	\$	2,123	\$	2,123
Depreciation expense	–		88		88	
Disposals	–		–		–	
Reclassified	–		–		–	
(Reversal of) impairment loss	–		–		–	
Effect of foreign currency exchange difference	–		–		–	
Balance on December 31, 2023	<u>\$</u>	<u>–</u>	<u>\$</u>	<u>2,211</u>	<u>\$</u>	<u>2,211</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance on January 1, 2022	\$ 24,112	\$ 3,075	\$ 27,187
Additions	–	–	–
Disposals	–	–	–
Reclassified	–	–	–
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2022	<u>\$ 24,112</u>	<u>\$ 3,075</u>	<u>\$ 27,187</u>

Accumulated depreciation and impairment						
Balance on January 1, 2022	\$	–	\$	2,017	\$	2,017
Depreciation expense	–		106		106	
Disposals	–		–		–	
Reclassified	–		–		–	
(Reversal of) impairment loss	–		–		–	
Effect of foreign currency exchange difference	–		–		–	
Balance on December 31, 2022	<u>\$</u>	<u>–</u>	<u>\$</u>	<u>2,123</u>	<u>\$</u>	<u>2,123</u>

(1) Rental income from investment properties and direct operating expenses arising from investment property are shown below:

	2023	2022
Rental income from investment properties	\$ 1,203	\$ 1,202
Direct operating expenses arising from the investment properties that generated rental income during the period	\$ 175	\$ 192

(2) Investment properties are depreciated on a straight-line basis based on the following useful lives:

Buildings 5 ~ 40 years

(3) On December 31, 2023 and 2022, the fair value of investment properties held by the Company was \$91,789 thousand and \$83,071 thousand, respectively, which was estimated mainly according to the actual transaction prices on the Ministry of the Interior, Actual Selling Price Registration platform and relevant information on the price fluctuations.

(4) Please refer to Note 8 for the information on the pledged investment properties.

(5) There is no impairment on the investment properties after careful assessment by the Company.

6.11 Intangible assets

Item	December 31, 2023	December 31, 2022
Patents	\$ 6,134	\$ 5,832
Computer cost	1,923	1,348
Total cost	8,057	7,180
Less: Accumulated amortization	(2,314)	(1,669)
Accumulated impairment	—	—
Net amount	<u>\$ 5,743</u>	<u>\$ 5,511</u>

	Patents	Computer cost	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 5,832	\$ 1,348	\$ 7,180
Additions	255	575	830
Disposals or derecognition	(117)	—	(117)
Reclassified	164	—	164
Effect of foreign currency exchange difference	—	—	—
Balance on December 31, 2023	<u>\$ 6,134</u>	<u>\$ 1,923</u>	<u>\$ 8,057</u>

<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2023	\$ 1,254	\$ 415	\$ 1,669
Amortization expense	513	249	762
Disposals or derecognition	(117)	—	(117)
Effect of foreign currency exchange difference	—	—	—
Balance on December 31, 2023	<u>\$ 1,650</u>	<u>\$ 664</u>	<u>\$ 2,314</u>

	Patents	Computer cost	Total
<u>Cost</u>			
Balance on January 1, 2022	\$ 5,674	\$ 998	\$ 6,672
Additions	217	350	567
Disposals or derecognition	(137)	–	(137)
Reclassified	78	–	78
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2022	\$ 5,832	\$ 1,348	\$ 7,180
<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2022	\$ 973	\$ 210	\$ 1,183
Amortization expense	418	205	623
Disposals or derecognition	(137)	–	(137)
Effect of foreign currency exchange difference	–	–	–
Balance on December 31, 2022	\$ 1,254	\$ 415	\$ 1,669

No impairment is recognized according to the Company's assessment on intangible assets.

6.12 Short-term borrowings

Nature of borrowings	December 31, 2023	
	Amount	Interest rate
Secured borrowings	\$ 316,750	1.55%~1.803%
Credit borrowings	130,000	1.70%~1.90%
Total	\$ 446,750	

Nature of borrowings	December 31, 2022	
	Amount	Interest rate
Secured borrowings	\$ 346,750	1.30%~1.601%
Credit borrowings	120,000	1.25%~1.79%
Total	\$ 466,750	

The Company pledged part of its property, plant and equipment as well as other financial assets as collaterals for short-term borrowings. Please refer to Note 8 for more information.

6.13 Other payables

Item	December 31, 2023	December 31, 2022
Salary and bonus payable	\$ 26,666	\$ 27,147
Pension payable	1,779	1,586
Interest payable	463	455
Directors' and supervisors' compensation payable	772	1,538
Employee's compensation payable	3,090	6,152
Premium payable	2,793	2,505
Utilities expense payable	964	902
Processing expense payable	8,707	4,703
Services expense payable	1,561	1,465
Equipment payable	1,600	1,123
Others	11,518	13,760
Total	\$ 59,913	\$ 61,336

6.14 Provisions—current

Item	December 31, 2023	December 31, 2022
Employee benefits	\$ 3,313	\$ 3,372
Warranty provision	2,015	2,192
Total	\$ 5,328	\$ 5,564

(1) 2023

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 3,372	\$ 2,192	\$ 5,564
Recognized during the period	5,169	399	5,568
Used during the period	(5,228)	(576)	(5,804)
Balance on December 31	\$ 3,313	\$ 2,015	\$ 5,328

(2) 2022

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 3,486	\$ 2,245	\$ 5,731
Recognized during the period	5,270	289	5,559
Used during the period	(5,384)	(342)	(5,726)
Balance on December 31	\$ 3,372	\$ 2,192	\$ 5,564

A. Provision for employee benefits is estimated, based on vested short-service leave.

B. The warranty provisions of the Company mainly relate to sales of LED products and are estimated with reference of historical data.

6.15 Long-term borrowings and current portion

Lending institution	Loan maturity date	December 31, 2023	December 31, 2022	Repayment method
Taiwan Cooperative Bank	2025.3.1	\$ 14,636	\$ 26,112	Note(1)、(2)、(5)
Taiwan Cooperative Bank	2022.9.25	—	—	Note(3)、(5)
E.SUN Commercial Bank, Ltd.	2026.10.19	28,371	—	Note(4)、(5)
Total		43,007	26,112	
Less: Current portion		(21,539)	(11,478)	
Long-term borrowings		\$ 21,468	\$ 14,634	
Interest rates		1.62%~2.563%	1.60%~1.81%	

- (1) The principal and interest of Company's secured long-term borrowing of \$250,000 thousand from Taiwan Cooperative Bank are repaid in equal monthly installments from April 1, 2010, over 180 months.
- (2) On February 25, 2011, the Company made additional principal repayments of \$90,000 thousand in addition to the monthly amortization and recalculated the average monthly repayment amounts.
- (3) The principal and interest of Company's secured long-term borrowing of \$50,000 thousand from Taiwan Cooperative Bank are repaid in equal monthly installments from September 25, 2017, over 60 months.
- (4) The principal and interest of Company's secured medium-term borrowing of \$30,000 thousand from E.SUN Commercial Bank, Ltd. are repaid in equal monthly installments from October 20, 2023, over 36 months.
- (5) Please refer to Note 8 for collaterals of borrowings from banks.

6.16 Pension

(1) Defined contribution plan

- A. The employee pension plan under the Labor Pension Act of the Republic of China (“R.O.C.”) is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.
- B. A total of \$6,320 thousand and \$6,137 thousand were recognized as expense in comprehensive income and loss by the Company portion which should be contributed pursuant to the plan for 2023 and 2022, respectively.

(2) Defined benefit plan

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The pension fund is managed by the government's designated authorities and the Company has no right to influence their investment strategies.

B. The Company's obligations arising from defined benefit plans are presented on the balance sheet as follows:

Item	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 25,060	\$ 23,940
Fair value of plan assets	(22,146)	(20,852)
Net defined benefit liability (asset)	\$ 2,914	\$ 3,088

(3) Movements in net defined benefit liabilities are as follows:

Item	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance on January 1, 2023	\$ 23,940	(\$ 20,852)	\$ 3,088
Service cost:			
Current service cost	—	—	—
Past service cost	—	—	—
Interest expense (revenue)	300	(266)	34
Recorded in profit (loss)	300	(266)	34
Remeasurements:			
Return on plan asset (excluding amounts in net interest)	—	(178)	(178)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	—	—	—
Experience adjustments	820	—	820
Amounts recognized in other comprehensive income	820	(178)	642
Pension fund contribution by employer	—	(850)	(850)
Paid benefits	—	—	—
Balance on December 31, 2023	\$ 25,060	(\$ 22,146)	\$ 2,914

Item	2022		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
			\$ 4,146
Balance at January 1, 2022	\$ 22,643	(\$ 18,497)	\$ 4,146
Service cost:			
Current service cost	—	—	—
Past service cost	—	—	—
Interest expense (revenue)	141	(118)	23
Recorded in profit (loss)	141	(118)	23
Remeasurements:			
Return on plan asset (excluding amounts in net interest)	—	(1,420)	(1,420)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	211	—	211
Experience adjustments	945	—	945
Amounts recognized in other comprehensive income	1,156	(1,420)	(264)
Pension fund contribution by employer	—	(817)	(817)
Paid benefits	—	—	—
Balance on December 31, 2022	\$ 23,940	(\$ 20,852)	\$ 3,088

(4) Due to the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

A. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Act, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

B. Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

C. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(5) The present value of the Company's defined benefit obligation is actuarially determined by a qualified actuary. Significant assumptions at the measurement date are presented below.

Item	Measurement Date	
	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Future salary increase rate	2.75%	2.75%
The average duration of the defined benefit obligation	7.9 years	8.5 years

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

(6) The amount by which the present value of the defined benefit obligation would increase (decrease) if there were reasonably possible changes in the significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows.

Item	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
0.25% increase	(\$ 488)	(\$ 500)
0.25% decrease	\$ 504	\$ 517
Expected salary increase rate	2.75%	2.75%
0.25% increase	\$ 488	\$ 501
0.25% decrease	(\$ 476)	(\$ 487)

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

(7) The contribution that the Company expects to actually make to the defined benefit pension plans in 2024 and 2023 is \$878 thousand and \$850 thousand, respectively.

6.17 Share capital

(1) A reconciliation of the number and amount of shares of our common stock outstanding at the beginning and end of the period is as follows:

	2023	
	Number of shares (in thousands)	Amount
Balance on January 1	109, 102	\$ 1, 091, 022
Balance on December 31	109, 102	\$ 1, 091, 022
	2022	
	Number of shares (in thousands)	Amount
Balance on January 1	109, 102	\$ 1, 091, 022
Balance on December 31	109, 102	\$ 1, 091, 022

(2) As of December 31, 2023, the Company's authorized capital amount was \$2,000,000 thousand, consisting of 200,000 thousand shares.

6.18 Capital surplus

Item	December 31, 2023	December 31, 2022
Difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 725	\$ 725
Reorganization	878	878
Uncollected overdue dividends by shareholders	842	842
Treasury shares transaction	4, 089	4, 089
Total	\$ 6, 534	\$ 6, 534

Under the Company Act, where the Company incurs no loss, it may distribute its additional paid-in capital and endowments received by the Company by issuing new shares as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

6.19 Retained earnings and dividend policy

(1) Dividend policy of the Company

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, and then 10% of the remaining amount shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital. In addition to distribution of dividends, the remaining earnings are combined with retained earnings at the beginning of the period, then distribute dividends to shareholders after consent by the shareholders.

With the attendance of at least two-thirds of the directors, and over half of which resolves that all or a portion of the dividends, bonuses, capital surplus and legal reserve to be distributed shall be in the form of cash and shall report at the shareholders' meeting.

The Company's dividend policy is to make appropriate dividend distributions in accordance with current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as taking into account the interests of shareholders. No less than 15% of the distributable earnings shall be distributed annually as dividends to shareholders, except that if the accumulated distributable earnings are less than 15% of the paid-in capital, dividends may not be distributed. Dividends may be distributed to shareholders in cash or in shares, of which cash dividends of not less than 10% of the total dividends.

- (2) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.
- (3)
 - A. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - B. In accordance with Jin-Guan-Zheng-Fa-Zi No. 1090150022, dated March 31, 2021, the special reserve will be reversed to distributable retained earnings if the Company subsequently uses, disposes of, or reclassifies the related assets in accordance with the proportion of the original special reserve.

(4) The appropriations of 2022 and 2021 earnings have been approved by the shareholders in its meetings in June 2023 as well as June 2022 and the appropriations as well as dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 11,380	\$ 39,336	–	–
Special reserve	(18,220)	4,506	–	–
Cash dividends of ordinary shares	130,923	229,115	1.20	2.10
Total	<u>\$ 124,083</u>	<u>\$ 272,957</u>		

(5) In the board of directors meeting on March 13, 2024, the appropriation of 2023 earnings is drafted as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 6,225	
Special reserve	3,721	
Cash dividends	87,282	\$ 0.8
Stock dividends	–	–

The appropriation of 2023 earnings is subject to the resolution of the regular shareholders' meeting to be held in June 2024.

(6) Information on the resolution of the board of directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.20 Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on valuation of financial assets at FVTOCI	Total
Balance on January 1, 2023	\$ 27,503	(\$ 62,402)	(\$ 34,899)
Exchange differences on translation of foreign operations	(4,769)	–	(4,769)
Unrealized gains (losses) on FVTOCI financial assets	–	(1,788)	(1,788)
Share of associates and joint ventures accounted for using equity method	–	2,836	2,836
Balance on December 31, 2023	<u>\$ 22,734</u>	<u>(\$ 61,354)</u>	<u>(\$ 38,620)</u>

Item	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on valuation of financial assets at FVTOCI	Total
Balance on January 1, 2022	\$ 717	(\$ 53,836)	(\$ 53,119)
Exchange differences on translation of foreign operations	26,786	–	26,786
Unrealized gains (losses) on FVTOCI financial assets	–	(5,363)	(5,363)
Share of associates and joint ventures accounted for using equity method	–	(3,203)	(3,203)
Balance on December 31, 2022	<u>\$ 27,503</u>	<u>(\$ 62,402)</u>	<u>(\$ 34,899)</u>

6.21 Operating revenue

Item	2023	2022
Revenue from contracts with customers		
Sales revenue	\$ 672,450	\$ 721,395
Total	<u>\$ 672,450</u>	<u>\$ 721,395</u>

(1) Breakdowns of revenue from contracts with customers

The Company's revenue from contracts with customers may be divided into the following major product lines and sales regions:

Segments	2023	2022
<u>Primary geographical market</u>		
Taiwan	\$ 357,236	\$ 324,398
Americas	43,232	27,050
Europe	70,265	84,081
Asia	199,024	282,448
Others	2,693	3,418
Total	<u>\$ 672,450</u>	<u>\$ 721,395</u>
<u>Major goods</u>		
LED modules	\$ 340,711	\$ 379,467
Semiconductor-related products	113,250	137,740
Other products	218,489	204,188
Total	<u>\$ 672,450</u>	<u>\$ 721,395</u>
<u>Timing of revenue recognition</u>		
Goods transferred at a point in time	\$ 672,450	\$ 721,395
Total	<u>\$ 672,450</u>	<u>\$ 721,395</u>

(2) Contract balances

The recognized accounts receivable, contract assets and contract liabilities arising from contracts with customers are as follows:

Item	December 31, 2023	December 31, 2022
Notes receivable and accounts receivable	\$ 266,520	\$ 261,941
Contract liabilities - current		
Sale of goods	\$ 10,204	\$ 4,823

Significant changes in contract assets and contract liabilities:

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

(3) Revenue recognized, during the period, from the beginning contract liabilities is as follows:

	2023	2022
Revenue recognized in the current period from the beginning balance of contract liabilities		
Sale of goods	\$ 4,823	\$ 1,253

(4) Unfulfilled contracts with customer

As of December 31, 2023 and 2022, the Group's unfulfilled contracts with customers are expected to be fulfilled within a year, with the revenue recognized in the following year.

6.22 Employee benefits, depreciation, depletion and amortization expense

By nature	2023			Total
	Operating costs	Operating expenses		
Employee benefits expense				
Salary	\$ 69,813	\$ 71,171		\$ 140,984
Insurance	7,336	7,610		14,946
Pension	2,955	3,399		6,354
Directors' remuneration	–	4,123		4,123
Other employee benefits	3,236	2,384		5,620
Depreciation expense	30,124	11,432		41,556
Amortization expense	–	762		762
Total	\$ 113,464	\$ 100,881		\$ 214,345

By nature	2022		
	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	\$ 68,835	\$ 73,117	\$ 141,952
Insurance	6,766	7,350	14,116
Pension	2,789	3,371	6,160
Directors' remuneration	–	4,888	4,888
Other employee benefits	3,312	2,434	5,746
Depreciation expense	29,678	12,080	41,758
Amortization expense	–	756	756
Total	<u>\$ 111,380</u>	<u>\$ 103,996</u>	<u>\$ 215,376</u>

(1) Additional information on number of employees and employee benefits in 2023 and 2022:

	2023	2022
Number of employees	207	204
Number of directors who are not concurrently employees	6	6
Average employee benefits expense	\$ 835	\$ 848
Average employee salary expense	\$ 701	\$ 717
Adjustment on employee salary expense	(2.23%)	(5.16%)
Compensation for supervisor	\$ –	\$ –

Policies of compensation (including directors, managers and employees) presented as follows:

A. Policies, system and structure of directors and managers:

The Compensation Committee meets at least twice a year and its function is to faithfully perform the following duties and responsibilities with the attention of good stewards and to submit its recommendations to the board of directors for discussion.

(A) To establish and regularly review the policies, systems, standards and structures of performance evaluation standards and compensation for directors and managers of the Company.

(B) To determine the content and amount of personal compensation based on the evaluation results obtained from the performance evaluation standards.

B. The Compensation Committee shall perform the duties in the preceding paragraph in accordance with the following principles.

- (A) The performance evaluation and remuneration of directors and managers should be based on the industry norms, and should also take into account the results of the individual performance evaluation, the time invested, the responsibilities assumed, the achievement of personal goals, the performance of other positions, the remuneration offered by the Company to persons in similar positions in recent years, the achievement of the Company's short-term and long-term business goals, the Company's financial condition, etc. to assess the reasonableness of the connection between the performance of the individual and the Company's operating performance and future risks. The Company also evaluates the reasonableness of the relationship between individual performance and the Company's operating performance and future risks based on the achievement of short-term and long-term business objectives and the Company's financial condition.
- (B) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
- (C) The percentage of compensation for short-term performance of directors and senior managers and the timing of payment of some variable compensation shall be determined by considering the characteristics of the industry and the nature of the Company's business.

C. Policy on employee's compensation:

- (A) Employee bonus: According to the Company's operating condition, if there is any distribution of earnings, bonus will be distributed according to the consideration of employee's position, performance and years of service.
- (B) Year-end bonus: Year-end bonuses are provided in accordance with the company's operating conditions, and employees' performance appraisal results are used as a reference for year-end bonus payments.
- (C) Annual compensation adjustment: According to the company's operation, the annual salary adjustment rate is set according to the individual's performance score, taking into account the domestic economic growth rate, price index and salary adjustment in the industry, etc. The annual salary adjustment is made according to the company's operation.

(2) The Company contributes no less than 1% and no more than 5% of the pre-tax benefit before employees' and directors' and supervisors' remuneration, respectively, to employees' and directors' and supervisors' remuneration for the

year. For the years ended December 31, 2023 and 2022, the estimated compensation to employees and directors and supervisors were \$3,090 thousand and \$6,152 thousand, respectively, and \$772 thousand and \$1,538 thousand, respectively, based on no less than 1% and no more than 5% of the aforementioned pre-tax benefit. If there is any change in the amount of the annual financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

(3) The employees' compensation and directors' and supervisors' remuneration for 2023 and 2022 were approved in the meetings of the board of directors on March 13, 2024 and March 16, 2023, respectively. The amounts recognized in the financial reports were as follows:

	2023		2022	
	Employees' compensation	Directors' and supervisors' remuneration	Employees'	Directors' and supervisors' remuneration
Amount resolved to be distributed	\$ 3,090	\$ 772	\$ 6,152	\$ 1,538
Amount recognized in financial statements	3,090	772	6,152	1,538
Difference	\$ -	\$ -	\$ -	\$ -

The above employees' compensations are all distributed in cash.

(4) Information on 2023 and 2022 employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meetings of board of directors is available from the Market Observation Post System on the website of the TWSE.

6.23 Interest income

Item	2023	2022
Interest income		
Bank deposits interest	\$ 24,590	\$ 8,432
Interest income from debt instruments at FVTOCI	296	223
Other interest income	1,776	569
Total	\$ 26,662	\$ 9,224

6.24 Other income

Item	2023	2022
Rental income	\$ 2,128	\$ 2,341
Other income - other	2,879	2,875
Total	\$ 5,007	\$ 5,216

6.25 Other gains or losses

Item	2023	2022
Net foreign exchange gains/(losses)	(\$ 743)	\$ 68,438
Gain (loss) on disposal of property, plant and equipment	(122)	–
Gains on disposal of other assets	786	–
Others	(88)	(733)
Total	(\$ 167)	\$ 67,705

6.26 Financial costs

Item	2023	2022
Interest expense:		
Bank borrowings	\$ 8,485	\$ 7,050
Interest on lease liabilities	463	575
Others	43	29
Financial costs	\$ 8,991	\$ 7,654

6.27 Income tax

(1) Income tax expense (benefit)

A. Components of income tax expense (benefit):

Item	2023	2022
Current-period income tax		
Income tax generated from current-period income	\$ –	\$ –
Additional income tax on unappropriated earnings	–	4,757
Adjustments for prior periods	454	–
Total income tax for current period	454	4,757
Deferred income tax		
The origination and reversal of temporary differences	10,037	26,766
Total of deferred income tax	10,037	26,766
Income tax expense (benefit)	\$ 10,491	\$ 31,523

B. Income tax expense (benefit) related to other comprehensive income: None.

(2) Reconciliation between accounting profit and income tax expense recognized in profit or loss

Item	2023	2022
Income before income tax	\$ 73,387	\$ 146,105
Income before income tax subject to the statutory tax rate	\$ 14,677	\$ 29,221
Adjustment of effectives on tax:		
Deductible items in determining taxable income	(14,677)	(29,221)
Adjustments for prior periods	454	–
Undistributed earnings subjected to additional 5% tax	–	4,757
Net change in deferred income tax	10,037	26,766
Income tax expense (benefit) recognized in profit or loss	\$ 10,491	\$ 31,523

The corporate income tax rate for entities subject to the R.O.C. Income Tax Act is 20%, and, starting from 2018, the tax rate for unappropriated earnings is 5%.

In July 2019, the president of the R.O.C. announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

(3) Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credits:

Item	2023				
	Beginning balance	Recorded in profit (loss)	Recorded in other comprehensive income (loss)	Exchange rate effects	Ending balance
Deferred income tax assets					
Temporary differences					
Unrealized bad-debt allowance over statutory limit	\$ 4,458	\$ 369	\$ –	\$ –	\$ 4,827
Unrealized payment on pension	–	–	–	–	–
Unrealized valuation loss on inventories	3,754	(311)	–	–	3,443
Unrealized provision of employment	675	(12)	–	–	663
Unrealized exchange loss	–	–	–	–	–
Operating loss carryforward	23,024	(13,270)	–	–	9,754
Subtotal	31,911	(13,224)	–	–	18,687
Deferred income tax liabilities					
Temporary differences					
Unrealized exchange gain	(4,750)	3,187	–	–	(1,563)
Subtotal	(4,750)	3,187	–	–	(1,563)
Total	\$ 27,161	(\$ 10,037)	\$ –	\$ –	\$ 17,124

Item	2022					Ending balance
	Beginning balance	Recorded in profit (loss)	Recorded in other comprehensive income (loss)	Exchange rate effects		
Deferred income tax assets						
Temporary differences						
Unrealized bad-debt allowance over statutory limit	\$ 4,411	\$ 47	\$ -	\$ -	\$ -	\$ 4,458
Unrealized payment on pension	104	(104)	-	-	-	-
Unrealized valuation loss on inventories	3,118	636	-	-	-	3,754
Unrealized provision of employment	698	(23)	-	-	-	675
Unrealized exchange loss	2,423	(2,423)	-	-	-	-
Operating loss carryforward	43,173	(20,149)	-	-	-	23,024
Subtotal	<u>\$ 53,927</u>	<u>(\$ 22,016)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,911</u>
Deferred income tax liabilities						
Temporary differences						
Unrealized exchange gain	-	(4,750)	-	-	-	(4,750)
Subtotal	<u>-</u>	<u>(4,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,750)</u>
Total	<u>\$ 53,927</u>	<u>(\$ 26,766)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,161</u>

(4) Items not recorded as deferred income tax assets:

Item	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 3,607	\$ 3,391
Operating loss carryforward	-	-
Total	<u>\$ 3,607</u>	<u>\$ 3,391</u>

(5) The Company's income tax returns through 2021 had been assessed and approved by the Tax Authority.

6.28 Other comprehensive income or loss

Item	2023		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(\$ 642)	\$ -	(\$ 642)
Unrealized gains (losses) on valuation of equity investments at FVTOCI	997	-	997
Subtotal	<u>355</u>	<u>-</u>	<u>355</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(4,769)	-	(4,769)
Unrealized gains (losses) on valuation of debt investments at FVTOCI	51	51	51
Subtotal	<u>(4,718)</u>	<u>-</u>	<u>(4,718)</u>
Recognized other comprehensive income (loss)	<u>(\$ 4,363)</u>	<u>\$ -</u>	<u>(\$ 4,363)</u>

Item	2022		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	\$ 264	\$ -	\$ 264
Unrealized gains (losses) on valuation of equity investments at FVTOCI	(5,758)	-	(5,758)
Subtotal	(5,494)	-	(5,494)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	26,786	-	26,786
Unrealized gains (losses) on valuation of debt investments at FVTOCI I	(2,808)	-	(2,808)
Subtotal	23,978	-	23,978
Recognized other comprehensive income (loss)	\$ 18,484	\$ -	\$ 18,484

6.29 Earnings per common share

Item	2023	2022
Basic earnings per share		
Net income attributable to shareholders of the parent (A)	\$ 62,896	\$ 114,583
Weighted average number of shares outstanding for the period (in thousands)(B)	109,102	109,102
Weighted average number of shares after retrieval for the period (in thousands)(C)	109,102	109,102
Basic earnings per share, after tax (in dollars) (A)/(C)	\$ 0.58	\$ 1.05
	2023	2022
Diluted earnings per share		
Net income attributable to shareholders of the parent (A)	\$ 62,896	\$ 114,583
Effect of the dilutive potential ordinary shares	-	-
Net income for calculating diluted earnings per share (D)	\$ 62,896	\$ 114,583
Retrospective adjusted weighted average number of shares (in thousands)	109,102	109,102
Effect of employees' compensation (share in thousands)	222	553
Weighted average number of shares outstanding for diluted earnings per share (share in thousand) (E)	109,324	109,655
Diluted earnings per share, after tax (in dollars) (D)/(E)	\$ 0.58	\$ 1.04

If the Company offered to settle the compensation or bonuses paid to employees in shares or cash at the Company's option, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

6.30 Reconciliation of liabilities arising from financing activities

Item	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			New lease and lease changes	—	
Short-term borrowings	\$ 466,750	(\$ 20,000)	\$ —	—	\$ 446,750
Long-term borrowings (including current portion)	26,112	16,895	—	—	43,007
Lease liabilities	27,364	(8,137)	4,041	—	23,268
Total liabilities arising from financing activities	\$ 520,226	(\$ 11,242)	\$ 4,041	\$ 4,041	\$ 513,025

Item	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			New lease and lease changes	—	
Short-term borrowings	\$ 500,750	(\$ 34,000)	\$ —	—	\$ 466,750
Long-term borrowings (including current portion)	45,205	(19,093)	—	—	26,112
Lease liabilities	33,297	(8,317)	2,384	—	27,364
Total liabilities arising from financing activities	\$ 579,252	(\$ 61,410)	\$ 2,384	\$ 2,384	\$ 520,226

7. Related Party Transactions

7.1 Name of the parent company and the ultimate controlling party

The Company is the ultimate controlling party of the group.

7.2 Names of related parties and relationship categories

Names of related parties	Related party categories
O.H. Technology Co., Ltd.	Subsidiary
Ligitrust Co., Ltd.	Subsidiary
LIGICARE Co., Ltd.	Subsidiary
Lapling Ltd.	Subsidiary
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Subsidiary
O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Subsidiary
LiMart Intelligent Retail Co., Ltd.	Subsidiary
Sunny Invest Co., Ltd.	Other related parties
Solidlite Corporation	Other related parties

7.3 Significant transactions with related parties

(1) Operating revenue

Item	Related party category	2023	2022
Sales revenue	Subsidiary	\$ 25,214	\$ 25,778
	Other related parties	65	—
Total		\$ 25,279	\$ 25,778

A. Sales price: No significant difference compared to non-related customers.

B. Payment terms:

- (A) Solidlite Corporation: 90 days after month closing.
- (B) O.H. Technology Co., Ltd.: 90 days after month closing.
- (C) The remaining credit periods are approximately 30 days longer than those of non-related customers. Receipts are offset against the debts depending on capital requirements.

(2) Purchases

Related party category	2023	2022
Subsidiary		
O.H. Technology Co., Ltd.	\$ 3,337	\$ 15,455
O.H. Opto-Electronics (Dong Guan) Co., Ltd.	36,204	82,720
Total	\$ 39,541	\$ 98,175

A. Purchase price:

- (A) O.H. Technology Co., Ltd.: The purchase price is partly based on (material + labor + cost)/115% and partly on case-by-case bargaining.
- (B) The remaining prices are not significantly different from those of non-related customers.

B. Payment terms:

- (A) O.H. Technology Co., Ltd.: 90 days after monthly closing.
- (B) O.H. Opto-Electronics (Dong Guan) Co., Ltd.: 90 days after monthly closing. Receipts are offset against the debts depending on capital requirements.
- (C) The remaining credit periods are approximately 30 days longer than those of non-related customers. Receipts are offset against the debts depending on capital requirements.

(3) Property transaction: None.

(4) Various expenses

Related party category	2023	2022
Subsidiary	\$ 5,111	\$ 5,019

(5) Various income (including rental income)

Related party category/name	2023	2022
Subsidiary	865	1,080
Other related party	60	60
Total	\$ 925	\$ 1,140

The following rental prices are determined by referring to market prices and negotiations between the lessee and the lessor, with monthly or quarterly rental payments. The content of the lease contract is as follows:

Leased Object	Lessee	Deposit	2023		2022	
			Term	Amount	Term	Amount
Part of 5F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	O.H. Technology Co., Ltd.	\$ -	2023.1.1~2023.11.30 2023.12.1~2024.11.30	\$ 504	2022.1.1~2022.12.31	\$ 504
Part of 2F. & 3F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	Ligitrust Co., Ltd.	10	2023.1.1~2023.12.31	60	2022.1.1~2022.12.31	60
Part of No. 238, Bo'ai St., Shulin Dist., New Taipei City	LIGICARE Co., Ltd.	-	2022.12.1~2023.06.30	241	2022.12.1~2023.11.30	481
Part of 2F., No. 238, Bo'ai St., Shulin Dist., New Taipei City	Sunny Invest Co., Ltd.	10	2023.3.15~2024.3.14	60	2022.3.15~2023.3.14	60
Part of No. 238, Bo'ai St., Shulin Dist., New Taipei City	LiMart Intelligent Retail Co., Ltd.	10	2023.6.1~2024.5.31	60	2022.6.1~2023.5.31	35
Total				<u>\$ 925</u>		<u>\$1, 140</u>

(6) Receivables from related parties

Item	Related party category/Name	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary	\$ 1, 977	\$ 2, 206
Other receivables (Note)	Subsidiary	\$ 35	\$ 572

In 2023 and 2022, no allowance was recorded for the above receivables from related parties.

Note: Other receivables refer to rent, group management fees, reimbursable expenses, receipts and payments on others' behalf.

(7) Payables to related parties (not including borrowings from related parties)

Item	Related party category	December 31, 2023	December 31, 2022
Accounts payable	O.H. Technology Co., Ltd.	\$ 838	\$ 7, 950
	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	6, 199	9, 168
Total		\$ 7, 037	\$ 17, 118
Other payables		\$ 1, 175	\$ 1, 066

(8) Financing

Please refer to Note 13.1 for information on financing to related parties.

(9) Endorsement

Please refer to Note 13.2 for information on endorsement for related parties.

7.4 Key management compensation

Related party category/Name	2023	2022
Salaries and other short-term employee benefits	\$ 18,623	\$ 21,570
Post-employment benefits	10	10
Total	\$ 18,633	\$ 21,580

8. Pledged Assets

The Company's assets pledged for borrowings and performance guarantees are as follows:

Item	December 31, 2023	December 31, 2022
Property, plant and equipment, net (including investment properties)	\$ 338,261	\$ 349,671
Other financial assets—current	176,762	184,380
Total	\$ 515,023	\$ 534,051

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 To secure loan facilities, the Company issued guarantee notes of \$1,041,705 thousand and \$987,405 thousand as of December 31, 2023 and 2022, respectively, and the corresponding guarantee notes paid and guarantee notes payable were recorded accordingly.

9.2 To ensure collectability for construction performed and goods sold, the Company received guarantee notes of \$13,157 thousand and \$14,619 thousand as of December 31, 2023 and 2022, respectively, and the corresponding guarantee notes received and guarantee notes receivable were recorded accordingly.

9.3 Please refer to Note 13.2 for the information on endorsement of the Company as of December 31, 2023 and 2022.

9.4 Contracts of \$4,885 thousand and \$0 thousand were set by the Company as of December 31, 2023 and 2022 for the purpose of machinery purchase. The payments already made amounted to \$4,500 thousand and \$0 thousand, respectively, and were recorded under prepayments for equipment.

10. Significant Disaster Losses:

2023: None.

2022:

The Company was affected by the global pandemic of the new coronavirus pneumonia, which resulted in a slowdown in demand, and the 2022 operating revenues resulted in a relatively large change in the rate of increase/decrease. After assessment, the above pandemic did not have significant impact on the Company's ability to continue operations, impairment of assets and risk of raising capital, etc.

11. Significant Subsequent Events: None.

12. Others

12.1 Capital risk management

The Company conducts capital risk management in order to ensure the continuity of the Company, maintain an optimal capital structure for reducing capital cost, and provide benefit to the shareholders

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

The Company's activities expose it to a variety of financial risks: (1) market risk, including foreign exchange risk, interest rate risk and price risk, (2) credit risk, and (3) liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Company's financial position and financial performance.

The Company's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

A. The nature and degree of the significant financial risks

(A) Market Risk

a. Exchange rate risk

(a) The Company operates globally and is exposed to foreign exchange risk that arises from commercial transactions, borrowing transactions and net investments in foreign operations which are denominated or require to be settled in foreign currency such as RMB, USD and HKD from the major functional currency NTD. To protect against reductions in value and the

volatility of future cash flows resulting from changes in foreign exchange rates, the Company hedges its foreign exchange risk exposure by using foreign currency borrowings.

The Company's investments in foreign operations present a strategic investment and, thus, are not hedged.

(b) Sensitivity analysis of exchange rate risk

(Foreign currency: Functional currency)	December 31, 2023								
	Foreign Currency	Exchange Rate	Book Value (NTD)	Sensitivity Analysis					
				Movement	Impact on Profit or Loss	Impact on Equity			
Financial assets									
Monetary items									
USD: NTD	\$ 21,477	30.66	\$ 658,486	1%	5,268	\$ -			
RMB: NTD	97	4.30	417	1%	3	-			
Non-Monetary items									
USD: NTD	1,924	30.66	58,977	1%	-	472			
Financial liabilities									
Monetary items									
USD: NTD	138	30.66	4,233	1%	34	-			
RMB: NTD	1,670	4.30	7,182	1%	57	-			
December 31, 2022									
(Foreign currency: Functional currency)	Foreign Currency	Exchange Rate	Book Value (NTD)	Sensitivity Analysis					
				Movement	Impact on Profit or Loss	Impact on Equity			
Financial assets									
Monetary items									
USD: NTD	\$ 24,797	30.73	\$ 761,998	1%	6,096	\$ -			
RMB: NTD	5	4.42	21	1%	-	-			
Non-Monetary items									
USD: NTD	1,993	30.73	61,249	1%	-	490			
Financial liabilities									
Monetary items									
USD: NTD	267	30.73	8,224	1%	66	-			
RMB: NTD	2,237	4.42	9,886	1%	79	-			

(c) The unrealized exchange gain (loss) arising from significant exchange rate movement on the monetary items held by the Company: None major influence under assessment.

b. Price risk

The Company is exposed to the price risk associated with the equity investments held by the Company. These investments are classified

either as financial assets at FVTPL or as financial assets at FVTOCI in Balance Sheets.

The Company mainly invests in domestic and foreign equity instruments. The prices of these equity securities would be affected due to uncertainty in the future value of the underlying investment targets.

If the prices of equity instruments increase or decrease by 1%, the 2023 and 2022 after-tax other comprehensive income, due to increase or decrease in fair value of financial assets measured at FVTOCI, would increase (decrease) by \$810 thousand and \$828 thousand, respectively.

c. Interest rate risk

(a) The Company's interest rate risk is primarily attributable to its investment positions and financial liabilities. The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the reporting date were as follows.

Item	Carrying Amounts	
	December 31, 2023	December 31, 2022
Fair value interest rate risk:		
Financial assets	\$ 432, 296	\$ 490, 143
Financial liabilities	(282, 371)	(224, 000)
Net amount	<u>\$ 149, 925</u>	<u>\$ 266, 143</u>
Cash flow interest rate risk:		
Financial assets	\$ 263, 872	\$ 236, 056
Financial liabilities	(207, 386)	(268, 862)
Net amount	<u>\$ 56, 486</u>	<u>(\$ 32, 806)</u>

(b) Sensitivity analysis of fair value interest rate risk:

The Company's holding of financial assets with fixed interest rates exposes the Company to fair value interest rate risk. If the interest rate on borrowings had increased or decreased by 1%, with all other factors held constant, other comprehensive income would decrease or increase by \$123 thousand and \$119 thousand in 2023 and 2022, respectively. The decrease or increase in other comprehensive income would be mainly due to the fact that the fixed-rate bond investments, which are classified as financial assets at FVTOCI, are exposed to fair value interest rate risk

because of changes in fair value of bond investments due to fluctuations in market interest rates.

(c) Sensitivity analysis of cash flow interest rate risk:

The Company's variable-rate financial instruments are floating-rate assets (liabilities). Therefore, changes in market interest rates will result in fluctuations in the effective interest rates and hence in future cash flows. Each 1% increase (decrease) in market interest rates would result in an increase (decrease) in net income of \$452 thousand and (\$262) thousand for the years ended December 31, 2023 and 2022, respectively.

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business-related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affects a customer's paying ability such as the customer's financial condition and historical transaction records, external and internal credit rating, and economic conditions.

b. Financial credit risk

The Company's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company's treasury function. The Company only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified. The Company has no debt investments classified as at amortized cost or as at FVTOCI. Please refer to Note (d) for information on investment related credit grading.

(a) Credit concentration risk

The proportion of the accounts receivable from the ten largest customers to the total balance of accounts receivable as of

December 31, 2023 and December 31, 2022 was 72.95% and 63.03%, respectively. The credit concentration risk associated with the remaining accounts receivable is insignificant.

(b) Measurement of loss on expected credit impairment

Accounts receivable: The Company uses the simplified approach to measure the expected credit losses of accounts receivable.

Please refer to Note 6.3 for more information.

The basis for determining whether there is a significant increase in credit risk: None.

(c) The financial assets held by the Company do not contain any collaterals or other credit enhancement protection to hedge the credit risk of financial assets.

(d) Credit risk grading information on the debt investments at FVTOCI held by the Company present as follows:

a. Credit risk grading

Grading	Risk	Basis for Recognizing Expected Credit Losses
Normal	Contractual payments are within 30 days past due and the counterparty has a low risk of default and a strong capacity to meet the contractual cash flows.	12 months ECL
Abnormal	Contractual payments are more than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
Default	Contractual payments are more than 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence that the debtor is in severe financial difficulty and the Group cannot reasonably anticipate recovery, for example, if the debt is overdue for more than 365 days	Amount is written off

b. The gross carrying amounts of debt investments grouped by credit risk grading and related expected credit losses were as follows:

December 31, 2023:

Credit risk grading	Expected credit loss rate	Gross Carrying Amounts		\$	–
		Financial assets at FVTOCI	Financial assets at amortized cost		
Normal	0%–1%	\$ 12,254		\$	–
Abnormal	3%		–		–
Default	20%–50%		–		–
Write-off	100%		–		–

December 31, 2022:

Credit risk grading	Expected credit loss rate	Gross Carrying Amounts		\$	–
		Financial assets at FVTOCI	Financial assets at amortized cost		
Normal	0%–1%	\$ 11,874		\$	–
Abnormal	3%		–		–
Default	20%–50%		–		–
Write-off	100%		–		–

(C) Liquidity risk

a. Overview

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Company has sufficient financial flexibility for its operations.

b. Maturity analysis for financial liabilities:

The following table summarizes the analysis of the Company's financial liabilities by maturity date and undiscounted maturity amount over the contractual repayment period:

	December 31, 2023						
	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Short-term borrowings	\$ 197,473	\$ 251,763	\$ -	\$ -	\$ -	\$ 449,236	\$ 446,750
Notes payable (including related parties)	79	-	-	-	-	79	79
Accounts payable (including related parties)	60,833	118	71	422	414	61,858	61,858
Other payables (including related parties)	58,736	654	383	1,315	-	61,088	61,088
Long-term borrowings (including those due within one year or one business cycle)	11,063	11,075	21,769	-	-	43,907	43,007
Guarantee deposits received	3,202	1,606	1,922	1,210	10	7,950	7,950
Total	<u>\$ 331,386</u>	<u>\$ 265,216</u>	<u>\$ 24,145</u>	<u>\$ 2,947</u>	<u>\$ 424</u>	<u>\$ 624,118</u>	<u>\$ 620,732</u>

Further information on maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years	Total undiscounted lease payments
	Lease liabilities	\$ 7,260	\$ 16,741	\$ -	\$ -	\$ -	
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 468,929	\$ -	\$ -	\$ -	\$ -	\$ 468,929	\$ 466,750
Notes payable (including related parties)	107	-	-	-	-	107	107
Accounts payable (including related parties)	75,027	3,373	2,444	1,804	379	83,027	83,027
Other payables (including related parties)	60,680	424	131	1,167	-	62,402	62,402
Long-term borrowings (including those due within one year or one business cycle)	5,918	5,924	11,849	2,962	-	26,653	26,112
Guarantee deposits received	-	4,065	-	-	-	4,065	4,065
Total	<u>\$ 610,661</u>	<u>\$ 13,786</u>	<u>\$ 14,424</u>	<u>\$ 5,933</u>	<u>\$ 379</u>	<u>\$ 645,183</u>	<u>\$ 642,463</u>

Further information on maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years	Total undiscounted lease payments
	Lease liabilities	\$ 7,445	\$ 21,039	\$ -	\$ -	\$ -	
December 31, 2023							

The Company does not expect the timing and amount of cash flows in the above maturity analysis would be significantly different than that of the actual condition.

(2) Categories of financial instruments

The carrying amounts of the financial assets and financial liabilities as of December 31, 2023 and December 31, 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial Assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 446, 070	\$ 542, 119
Notes receivable and accounts receivable (including related parties)	266, 520	261, 941
Other receivables (including related parties)	6, 803	2, 930
Other financial assets—current	238, 082	184, 380
Refundable deposits	41, 219	35, 234
Financial assets at FVTOCI —noncurrent	93, 243	94, 702
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	446, 750	466, 750
Notes payable and accounts payable (including related parties)	61, 937	83, 134
Other payables (including related parties)	61, 088	62, 402
Guaranteed deposits received	7, 950	4, 065
Long-term borrowing, including current portion	43, 007	26, 112

12.3 Fair value information

(1) Details of the fair values of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12.3(3).

(2) Fair value measurements are grouped into Levels 1 to 3 as follows:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates with quoted market prices are included in this level.

Level 2

Inputs in this level include observable prices other than publicly quoted prices in an active market, including observable inputs obtained directly (e.g., prices) or indirectly (e.g., derived from prices) from an active market. The Company's investment in emerging stocks is included in this level. °

Level 3

Inputs in this level represent inputs to measure fair value that are not based on observable inputs available in the market. The Company's investments in unlisted equity instruments are classified as such.

(3) Financial instruments that are not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables and guaranteed deposits received) approximate to their fair values.

(4) Fair value hierarchy information on financial instruments that are measured at fair value

The information on the Company's assets and liabilities that are measured at fair value on a recurring or non-recurring basis is as follows:

Item	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$ -	\$ 20,947	\$ 72,296	\$ 93,243
Total	\$ -	\$ 20,947	\$ 72,296	\$ 93,243

Item	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$ -	\$ 14,705	\$ 79,997	\$ 94,702
Total	\$ -	\$ 14,705	\$ 79,997	\$ 94,702

(5) Fair value valuation techniques for instruments measured at fair value.

- A. The Company measures the fair values of its financial instruments with an active market using their quoted prices in the active market. The market prices announced by the major exchanges and the central government bond counter trading centers, which are judged to be popular, are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the prices represent actual and frequent arm's-length market transactions. If these conditions are not met, the market is not considered active. In general, a very large bid-ask spread, a significant increase in the bid-ask spread, or a very low trading volume are all indicators of an inactive market.

The instruments the Company uses market quoted prices as their fair values are listed below by characteristics:

(A) Listed shares: Closing price

(B) Open-end funds: Net value

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair values obtained through valuation techniques are calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the use of models with market information available at the date of the consolidated balance sheets.

The fair value of the Company's shares in unlisted companies with no active market is estimated mainly by the market approach, which is based on the evaluation of similar companies, third-party quotes, net worth and operating conditions.

(6) Transfer between Level 1 and Level 2 of the fair value hierarchy: None.

(7) Changes in level 3 instruments are shown in the table below:

Financial assets at fair value	Equity securities
January 1, 2023	\$ 79,997
Gains or losses recognized in profit or loss	-
Gains or losses recognized in other comprehensive income	
Unrealized gains or losses through equity instruments at FVTOCI	(7,701)
Acquired during the period	-
Disposed of during the period	-
Transferred into level 3	-
Transferred out of level 3	-
December 31, 2023	\$ 72,296

Financial assets at fair value	Equity securities
January 1, 2022	\$ 79,298
Gains or losses recognized in profit or loss	—
Gains or losses recognized in other comprehensive income	—
Unrealized gains or losses through equity instruments at FVTOCI	699
Acquired during the period	—
Disposed of during the period	—
Transferred into level 3	—
Transferred out of level 3	—
December 31, 2022	<u>\$ 79,997</u>

(8) Quantitative information of significant unobservable inputs used in Level 3 fair value measurement is shown below:

	Fair value at December 31, 2023	Valuation Technique	Significant Unobservable Inputs	Relationship Between Input and Fair Value
Non-derivative financial assets:				
Unlisted shares	\$ 72,296	Market approach	Price-book multiplier Liquidity discount	Price-book multiplier The higher the price-book multiplier, the higher the fair value; The higher the liquidity discount, the lower the fair value
	Fair value at December 31, 2022	Valuation Technique	Significant Unobservable Inputs	Relationship Between Input and Fair Value
Non-derivative financial assets:				
Unlisted shares	\$ 79,997	Market approach	Price-book multiplier Liquidity discount	Price-book multiplier The higher the price-book multiplier, the higher the fair value; The higher the liquidity discount, the lower the fair value

(9) Valuation procedures for fair value measurements being categorized within Level 3:

The Company's financial and accounting department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is valued regularly by the Company's Financial and Accounting Department based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

(10) The Company carefully evaluates the valuation models and valuation parameters it chooses to use so that the fair value measurements are reasonable; however, the use of different valuation models or valuation parameters may result in different valuation results. For financial assets and financial liabilities classified as Level 3, if the valuation parameters changed by 3% basis points, the impact on the current period's profit or loss or other comprehensive profit or loss would be as follows.

		December 31, 2023					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets							
Equity instrument							
Unlisted shares		Price-book ratio multiplier	+3%	\$ -	\$ -	\$ 2,633	\$ 2,633
		Liquidity discount					
		December 31, 2022					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets							
Equity instrument							
Unlisted shares		Price-book ratio multiplier	+3%	\$ -	\$ -	\$ 2,695	\$ 2,695
		Liquidity discount					

12.4 The Company was awarded the tender for the Taichung City Mercury Street Lamp Sunset Renewal Project (the eighth project area) on April 20, 2016 and completed the project on August 31, 2016 and was inspected and accepted on December 22, 2016. After the acceptance, the Company attached the settlement data and requested the Taichung City Government for payment. However, due to the differences in the understanding of the government's budget and the improvement status of the projects to be improved after the acceptance, the payment collection progress, which totaled \$83,943 thousand, had not yet been completed as of December 31, 2023. For the protection of the related debts, the Company had filed a civil lawsuit with the Taichung District Court on August 20, 2018. The Company had recorded expected credit loss of \$15,651 thousand on this receivable for possible impairment. The case was ruled by the Taichung District Court on December 3, 2020. Based on the ruling, the Company did not need to estimate any additional loss. However, The Company had filed an appeal against part of the ruling and the related litigation is still in progress as of the field date.

13. Supplementary Disclosures

13.1 Significant transactions information

- (1) Loans to others: Table 1.
- (2) Endorsements and guarantees provided to others: Table 2.
- (3) Marketable securities held at the end of the period: Table 3.
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Information about the derivative financial instruments transaction: None.

13.2 Information on investees (excluding information on investment in mainland China):

Table 4.

13.3. Information on investment in mainland China: Table 5.

13.4. Information on major shareholders (Names of shareholders, amount and percentage of shareholding with 5% or more shareholding): Table 6.

Table 1

Ligitek Electronics Co., Ltd.

Loans to others

December 31, 2023

No. (A)	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance (F)	Amount actually drawn	Interest rate	Nature of loan (B)	Transaction amount	Reason for short-term financing	Collateral		Limit on loans granted to a single party (C)	Ceiling on total loans granted (D)	
												Item	Value			
0	Ligitek Electronics Co., Ltd.	Ligitrust Co., Ltd.	Other receivable – related party	Yes	15,000	–	–	–	2	–	Operating turnover	–	None	–	138,760	555,039
1	Guangzhou Pan Yu Lapling Electronics Co., Ltd.	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Other receivable – related party	Yes	8,880	–	–	–	2	–	Operating turnover	–	None	–	9,634	24,084

A: The Company as 0, with the invested companies sequentially numbered.

B: Code describing the nature of the loan set as follows:

- (1) 1 for borrowers with which it does business.
- (2) 2 for borrowers with indispensable need of short-term financing.

C: Maximum loan to subsidiaries and other borrowers

- (1) Loans to borrowers which it does business shall not exceed the amount of business contact and the limit is 25% of the net worth of the Company.
- (2) Loans to borrowers with indispensable need of short-term financing between companies shall not exceed 10% of the net worth of the Company.
- (3) Loans to Guangzhou Pan Yu Lapling Electronics Co., Ltd. shall not exceed 20% of its net worth.

D: (1) Total loans shall not exceed 50% of net worth of the Company except the Board of Committee regard short-term funding as necessary, which shall not exceed 40% of the Company's net worth.

- (2) Total loans from Guangzhou Pan Yu Lapling Electronics Co., Ltd. to others shall not exceed 50% of its net worth.

E: Foreign currency at the due date is transferred to NTD at the exchange rate on December 31, 2023.

F: The limits related with net worth of the Company refers to the latest (2023 Q3 or 2022 Q4) financial statements audited by independent auditors.

Table 2

Ligitek Electronics Co., Ltd.
Endorsements and guarantees provided
December 31, 2023

Number (A)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (C)	Maximum balance for the period (D)	Ending balance (E)	Amount actually drawn (F)	Amount of endorsement/ guarantees collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement	Maximum endorsement/ guarantee allowable (C)	Guarantee provided by parent company to subsidiary (G)	Guarantee provided by a subsidiary to parent company (G)	Guarantee provided to subsidiaries in Mainland China (G)
		Company name	Relationship with the endorser/ guarantor (B)										
0	Ligitek Electronics Co., Ltd.	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	2	138,760	29	28	28	-	-	277,520	Yes	No	Yes

A: Rules of code set as follows:

- (1) 0 for issuer.
- (2) The invested companies are sequentially numbered.

B: A public company may make endorsements/guarantees for the following companies:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

C: Endorsement provided to specific endorsee shall not exceed 10% of current net worth of capital shares of the Company. Total amount of endorsement provided shall not exceed 20% of current net worth of capital shares of the Company.

D: The limit of endorsement provided in current year.

E: The amount of endorsement approved by Board of Directors. Yet if Board of Directors authorizes chairman as decider in accordance with No. 8 of Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount refers to decision of the chairman.

F: The amount of actual expenditure which does not exceed balance of endorsements/guarantees of the endorsee.

G: Indicator for listed parent company endorsing subsidiary, subsidiary endorsing listed parent company, and endorser in Mainland China.

H: Regarding the calculation of limits in this table, the quoted net Amount is based on the Company's most recent (2023Q3) CPA-reviewed financial statements.

Table 3

Ligitek Electronics Co., Ltd.
 Marketable securities held at the end of the period(excluding investments in subsidiaries, associates and joint ventures)
 December 31, 2023

In thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	End of the period				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Ligitek Electronics Co., Ltd.	Stocks- unlisted	—	Financial assets measured at FVTOCI	500,000	\$ 15,345	2.222	\$ 15,345	
	Feedpool Technology Co., Ltd.	—	Financial assets measured at FVTOCI	315,000	—	4.846	—	
	IV Technologies co., Ltd	—	Financial assets measured at FVTOCI	1,000,000	—	2.016	—	
	Supa Technology Co., Ltd.	—	Financial assets measured at FVTOCI	3,516,000	35,125	16.026	35,125	
	Solidlite Corporation	Other related parties	Financial assets measured at FVTOCI	1,000	—	1.660	—	(Note A)
	Le System Inc.	—	Financial assets measured at FVTOCI	769,280	8,693	3.984	8,693	
	Sea Mild Biotechnology Co., Ltd.	—	Financial assets measured at FVTOCI	2,914,000	21,826	10.000	21,826	
	Overseas corporate bonds TAISEM	—	Financial assets measured at FVTOCI	—	12,254	—	12,254	
O.H. Technology Co., Ltd.	Channel Well Technology Co., Ltd.	—	Financial assets measured at FVTPL - current	30,000	2,526	—	2,526	
	Acer Incorporated	—	Financial assets measured at FVTPL - current	100,000	5,380	—	5,380	
	E Ink holdings Inc.	—	Financial assets measured at FVTPL - current	20,000	3,940	—	3,940	
	Shanghai Commercial and Savings Bank	—	Financial assets measured at FVTPL - current	30,000	1,404	—	1,404	
	Forward Electronics Co., Ltd.	—	Financial assets measured at FVTPL - current	1,000,000	10,000	—	10,000	
	Taishin ESG Emerging Markets Debt (A)-USD	—	Financial assets measured at FVTPL - current	4,984.35	1,288	—	1,288	
	NCCU Star Venture Capital Co., Ltd	—	Financial assets measured at FVTOCI	1,000,000	8,456	2.34	8,456	
Ligitrust Co., Ltd.	Green Source Technology Co., Ltd.	—	Financial assets measured at FVTOCI	500,000	9,640	1.371	9,640	
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Jixin Legal Person Fixed Income By Days Category Open Products	—	Financial assets measured at FVTPL - current	1,241,520.32	16,056	—	16,056	
	Hui Zhong Daily-Purchase-Weekly-Redeem Open Products	—	Financial assets measured at FVTPL - current	3,506,804.69	5,506	—	5,506	

Note A: LE SYSTEM Inc. was resolved to be liquidated at the provisional shareholders' meeting on November 24, 2023 due to operational difficulties, and the liquidation procedures have not been completed as of December 31, 2023.

Table 4

Ligitek Electronics Co., Ltd.
Information on investees (excluding information on investment in mainland China)
December 31, 2023

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of period			Net income (losses) of the investee	Share of profits/losses of investee (Note)	Footnote
				End of period	End of last year	Number of shares (thousand)	Percentage of ownership	Carrying value			
Ligitek Electronics Co., Ltd.	LIGITEK (SAMOA) CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road Apia, Samoa	Holding business	\$ 190,322 (USD 4,750)	\$ 190,322 (USD 4,750)	100,000	100%	\$ 58,646 (\$ 911)	(\$ 1,082)	Subsidiary(A)	
	O.H. Technology Co., Ltd.	No. 238, Bo'ai St., Shulin Dist., New Taipei City , Taiwan, R.O.C.	Production and sale of various electronic components	166,579	166,579	11,624,399	98.751%	201,257	23,546	23,252	Subsidiary
	Ligitrust Co., Ltd.	No. 238, Bo'ai St., Shulin Dist., New Taipei City , Taiwan, R.O.C.	Engaged in leasing business, piping work, electrical appliances installation, etc.	414,195	414,195	9,169,107	88.92%	86,097	247	219	Subsidiary
Ligitek (Samoa) Co., Ltd	Laplting Ltd.	Room 20, 15 F., 11-19, Sha Tsui Rd, Chai Wan Kok, Hong Kong (International Trade Centre)	Holding business	83,830 (USD 1,900)	83,830 (USD 1,900)	-	100%	48,465 (\$ 1,171)	(\$ 1,171)	Indirect subsidiary	
O.H. Technology Co., Ltd.	O.H. Technology Co., Ltd. (Hong Kong)	Room 20, 15 F., 11-19, Sha Tsui Rd, Chai Wan Kok, Hong Kong (International Trade Centre)	Holding business	57,535 (HKD14,094)	57,535 (HKD14,094)	-	100%	50,714 (\$ 182)	(\$ 182)	Indirect subsidiary	
	Ligitrust Co., Ltd.	5 F., No. 238, Bo'ai St., Shulin Dist., New Taipei City , Taiwan, R.O.C.	Engaged in leasing business, piping work, electrical appliances installation, etc.	11,000	11,000	1,100,000	10.67%	10,331	247	26	Indirect subsidiary
	Ligicare Co., Ltd.	3 F., No. 238, Bo'ai St., Shulin Dist., New Taipei City , Taiwan, R.O.C.	Production and sale of various medical equipment	10,000	10,000	1,000,000	100%	5,505 (\$ 857)	(\$ 857)	Indirect subsidiary	
Ligitrust Co., Ltd.	Ever Ease Limited	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road Apia, Samoa	Holding business	-	2,030 (USD 1)	-	-	-	1	1	Indirect subsidiary (B)
	LiMart Intelligent Retail Co., Ltd.	3F., No. 74, Sec. 2, Changsha St., Wanhua Dist., Taipei City, Taiwan, R.O.C.	Retail sale of food, groceries and beverages, others	24,113	24,113	2,411,250	80.375%	2,210 (\$ 8,180)	(\$ 6,574)	Indirect subsidiary	

A: Profit or loss of Ligitek (Samoa) Co., Ltd. of the period includes realized revenue of \$161 thousand at the start and unrealized revenue of \$332 thousand at the end of the period.

B: The dissolution of Ever Ease Limited was approved by the shareholders in the shareholders' meeting held on May 2, 2023.

Table 5

Ligitek Electronics Co., Ltd.
Information on investment in mainland China
December 31, 2023

In thousands of foreign currency and NTD

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment Method (A)	Accumulated Outflow of Investment from Taiwan as of Beginning of Period	Investment Flows		Accumulated Outflow of Investment from Taiwan as of End of Period	Net Income (Losses) of the Investee	Ownership Held by the Company (direct or indirect) (%)	Investment Profits/Losses Recorded (B)	Carrying Amount as of End of Period	Accumulated Inward Remittance of Earnings as of End of Period
					Outflow	Inflow						
Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Production and sale of various electronic components (LED & monitors)	\$ 83,830 (USD 1,900)	(2)	\$ 83,830 (USD 1,900)	\$ -	\$ -	\$ 83,830 (USD 1,900)	(\$ 1,349)	100.000	(\$ 1,349) (2).2	\$ 46,839	\$ -
O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Production and sale of flat-panel display and electronic components	57,535 (HKD 14,094)	(2)	57,535 (HKD 14,094)	-	-	57,535 (HKD 14,094)	(198)	98.751	(196) (2).2	48,836	-

Accumulated Investment in Mainland China as of End of Period (E)	Investment Amounts Authorized by Investment Commission, MOEA (F)	Upper Limit on Investment authorized by Investment Commission, MOEA
NT\$141,365 (USD 1,900) (HKD 14,094)	NT\$428,198 (USD 11,990) (HKD 14,094)	NT\$825,688

A: Category of investment methods:

- (1) Direct investment in Mainland China;
- (2) Reinvestment through investment on third region company; or
- (3) Other method.

B: Regarding investment profit/loss recorded:

- (1) In the case of investment in preparation and not yet resulting in profit or loss, remarks shall be made.
- (2) Basis of recognition of investment shall be remarked.

1. Financial statements from international accounting firms which cooperate with accounting firms in ROC.

2. Financial statement audited by independent certified public accountant of parent company in Taiwan.

3. Others. (The financial statement of the investee is not audited by accountant.)

C: Amounts in the Table shall be listed in NTD. Foreign currency shall be exchanged to NTD with the exchange rate at date of occurrence.

D: In accordance with regulation of Investment Commission, MOEA, accumulated investment in Mainland China is limit to 60% of net worth or consolidated net worth, whichever is greater. (Amendment at 2008.8.29)

E: Inclusive of outflow and amount submit for approval of Ligitek Electronics Co., Ltd., O.H. Technology Co., Ltd.

F: The investment on Guangzhou Pan Yu Lapling Electronics Co., Ltd. in Mainland China from Ligitek Electronics Co., Ltd. is through the reinvestment of Ligitek (Samoa) Co., Ltd. in third region with 100% shareholding, arranged in parent company only financial statement. The investment on Mainland China O.H. Opto-Electronics (Dong Guan) Co., Ltd. in Mainland China from O.H. Technology Co., Ltd. is through the through the reinvestment of O.H. Technology Co., Ltd. (Hong Kong) in third region with 100% shareholding, arranged in consolidated financial statement. Major transactions between all aforementioned company and parent company only company are all eliminate from parent company only financial statement.

Major transactions with Investee in Mainland China through third region:

Please refer to "Information on Significant Transactions" and "The business relationship between the parent and the subsidiaries and significant transactions between them" in the Consolidated Financial Statements for details of the significant transactions (direct/indirect), between the Company and its investees in Mainland China from January to December of 2023.

Table 6

Ligitek Electronics Co., Ltd.
Information on major shareholders
December 31, 2023

Name of Major Shareholders	Shares	Number of Shares Held	Percentage of Ownership (%)
Tung, I-Hsin		10,675,543	9.78%
Chien Jung Investment Development Co., Ltd.		7,640,007	7.00%

A: The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined and had been registered (including treasury shares) with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.

B: If the above data relate trusted shares by shareholders, the principals are separately disclosed based on the trust accounts opened by the trustees. As to filings by internal shareholders with over 10% holding percentage according Securities and Exchange Act regulations, there the shares include shares held by principals and trusted shares with controlling power retained, please refer to Market Observation Post System.

14. Segment Information

The Company has disclosed relevant segment information in consolidated financial statement, and thus it remains undisclosed in parent company only financial statement.

Ligitek Electronics Co., Ltd.
Schedule of Significant Accounting Items
December 31, 2023

(Amounts In thousands of NTD, unless otherwise specified)

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Schedule I

Ligitek Electronics Co., Ltd.

Schedule of Cash and Cash Equivalents

December 31, 2023

In thousands of NTD and foreign currency

Item	Amount		Footnote
	Subtotal	Total	
Cash on hand		\$ 228	Including JPY 24 thousand, EUR 1 thousand, RMB 1 thousand, HKD 2 thousand, USD 1 thousand
Cash in banks		415, 182	
Check deposits	\$ 10		
Demand deposits	128, 494		
Foreign currency deposits	286, 678		Including JPY 81 thousand, EUR 73 thousand, RMB 96 thousand, HKD 84 thousand, USD 9,245 thousand
Cash equivalents		30, 660	Including USD 1,000 thousand
Total		\$ 446, 070	

Schedule 2

Ligitek Electronics Co., Ltd.

Schedule of Financial Assets Measured at FVTPL - current

December 31, 2023

In thousands of NTD

Counter Party	Amount	Footnote
Company A	\$ 78, 253	
Company B	48, 342	
Company C	28, 020	
Others	126, 671	Amounts less than 5% are shown on a consolidated basis.
Subtotal	281, 286	
Less: Loss allowance	(18, 003)	
Net amount	\$ 263, 283	

Schedule III

Ligitek Electronics Co., Ltd.

Schedule of Inventories

December 31, 2023

In thousands of NTD

Item	Summary	Amount			Footnote
		Cost	Total	Market price	
Raw materials	Chips	\$ 4,894	\$ 27,218	\$ 24,666	Net realizable value as market price
	REF/PCB	6,567			
	Wires	1,543			
	Packaging materials	1,389			
	Frames	3,028			
	Bonding wires	1,427			
	Lamp parts	607			
	A/B glue	1,026			
	IC/Resistors	4,793			
	Ceramic substrates	616			
Work in process	Others	1,328			
	Application	4,479	17,387	28,555	Net realizable value as market price
	SMD	4,771			
	Semiconductor industry – IC products	3,349			
	Others	4,788			
Finished goods	SMD	22,916	72,404	94,820	Net realizable value as market price
	PLCC	17,787			
	Application	17,571			
	LAMP	1,323			
	ARRAY	200			
	BACKLIGHT	1,684			
	Semiconductor industry – IC products	10,895			
	Others	28			
Merchandise inventory	DISPLAY	154	1,199	2,751	Net realizable value as market price
	LAMP	329			
	Semiconductor industry – IC products	–			
	Others	716			
	Subtotal		118,208		
Less: Allowance for decline in value and loss on obsolescence			(17,218)		
Net amount		\$ 100,990	\$ 150,792		

Schedule IV

Ligitek Electronics Co., Ltd.

Schedule of Prepayments

December 31, 2023

In thousands of NTD

Item	Summary	Amount	Footnote
Prepaid premiums		\$ 706	
Other prepaid expenses		11, 127	
Prepayments		1, 044	
Other prepayments		2, 664	
Total		\$ 15, 541	

Schedule V

Ligitek Electronics Co., Ltd.

Schedule of Financial Assets measured at FVTOCI - noncurrent

For the year ended December 31, 2023

In thousands of shares and thousands of NTD

Investee	Beginning balance		Increase for the period		Decrease for the period		Ending balance		Pledged as collaterals	Footnote
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		
Domestic non-listed companies										
Feedpool Technology Co., Ltd.	500,000	\$ 13,585	-	\$ 1,760	-	\$ -	500,000	\$ 15,345	None	
IV Technologies Co., Ltd	315,000	-	-	-	-	-	315,000	-	None	
Solidlite Corporation	3,516,000	43,879	-	-	-	8,754	3,516,000	35,125	None	
Supa Technology Co., Ltd.	1,000,000	-	-	-	-	-	1,000,000	-	None	
LE System Inc.	1,000	5,952	-	-	-	5,952	1,000	-	None	
Sea Mild Biotechnology Co., Ltd.	769,280	2,831	-	5,862	-	-	769,280	8,693	None	
Huai I Precision Technology Co., Ltd.	2,914,000	16,581	-	5,245	-	-	2,914,000	21,826	None	
Subtotal		82,828		12,867		14,706		80,989		
Overseas Corporate Bonds										
TAISEM Overseas Corporate Bonds	-	11,874	-	380	-	-	-	12,254	None	
Subtotal		11,874		380		-		12,254		
Total		\$ 94,702		\$ 13,247		\$ 14,706		\$ 93,243		

Schedule VI

Ligitek Electronics Co., Ltd.

Schedule of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2023

In thousands of shares and thousands of NTD

Investee	Beginning balance		Increase for the period		Decrease for the period		Ending balance			Market price/net equity		Pledged as collaterals	Footnote
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total price		
LIGITEK (SAMOA) CO., LTD	100,000	\$ 61,089	–	\$ –	–	\$ 2,443	100,000	100%	\$ 58,646	589.77	\$ 58,977	None	
O.H. Technology Co., Ltd.	11,624,339	180,635	–	23,252	–	2,630	11,624,339	98.751%	201,257	16.68	193,867	None	
Ligitrust Co., Ltd.	9,169,107	83,819	–	4,118	–	1,840	9,169,107	88.92%	86,097	9.39	86,097	None	
Total		\$ 325,543		\$ 27,370		\$ 6,913			\$ 346,000				

Schedule VII

Ligitek Electronics Co., Ltd.

Schedule of Short-term Borrowings

December 31, 2023

Type of loan	Ending balance	Contract Period	Range of Interest Rates	Financing Limit	Pledged As Collaterals	Footnote
Secured loan	\$ 316,750	2023.05.03~2024.05.17	1.55%~1.803%	\$ 690,000	Property, plant and equipment Pledged time deposit	
Credit loan	130,000	2023.10.06~2024.03.19	1.7%~1.9%	190,000	No pledge	
Total	\$ 446,750					

Schedule VIII

Ligitek Electronics Co., Ltd.
Schedule of Accounts Payable
December 31, 2023

In thousands of NTD

Summary	Amount	Footnote
Company A	\$ 10,934	
Company B	4,503	
Company C	4,218	
Company D	3,296	
Company E	2,903	
Others	28,967	Amounts less than 5% are shown on a consolidated basis.
Total	\$ 54,821	

Schedule IX

Ligitek Electronics Co., Ltd.

Schedule of Long-term Borrowings

December 31, 2023

Creditor	Summary	Borrowing Balance	Contract Period	Interest rate	Pledged as collaterals	Footnote
Taiwan Cooperative Bank Shulin Branch	Long-term bank loan	\$ 14,636	2010.3.1~2025.3.1	1.803%~2.563%	Property, plant and equipment	
E.SUN Commercial Bank, Ltd.	Long-term bank loan	28,371	2023.10.20~2026.10.19	1.620%	USD time deposit, investment properties	
Less: Long-term borrowings due within one year		(21,539)				
Total		\$ 21,468				

Schedule X

Ligitek Electronics Co., Ltd.
Schedule of Net Operating Income
December 31, 2023

In thousands of NTD

Product name	Amount	Footnote
Sales revenue		
LAMP	\$ 34,071	
DISPLAY	3,590	
SMD	290,008	
ARRAY	13,042	
Semiconductor industry IC products	113,250	
Other finished goods	199,114	
Merchandise	19,375	
Net sales	\$ 672,450	

Schedule XI

Ligitek Electronics Co., Ltd.

Schedule of Operating Costs

2023

In thousands of NTD

Summary	Subtotal	Total
Cost of sales of self-manufactured products		\$ 209, 821
Raw materials, beginning of the period	\$ 26, 268	
Add: Raw materials purchased for the year	212, 900	
Gain (loss) on inventory counts	9	
Less: Transfer of expenses	(381)	
Raw materials, end of the period	(27, 218)	
Sale of raw materials	(1, 757)	
Direct labor		42, 628
Overhead		138, 730
Unallocated fixed overhead		(52, 734)
Manufacturing cost		338, 445
Add: Work in process, beginning of the period		40, 824
Purchase of work in process		311
Less: Work in process, end of the period		(17, 387)
Transfer to expenses		–
Sales of work in process		(549)
Cost of finished goods		361, 644
Add: Finished goods, beginning of the period		89, 367
Purchase of finished goods		50, 988
Less: Finished goods, end of the period		(72, 404)
Transfer to expense		(431)
Cost of sales, self-manufactured products		429, 164
Cost of sales, buying and selling of goods		
Goods, beginning of period		6, 858
Add: Goods purchased for the year		7, 584
Less: Goods, end of the period		(1, 199)
Transfer to expenses		(155)
Cost of sales, buying and selling of goods		13, 088
Cost to sell raw materials and work in process		2, 306
Loss on (reversal of) inventory write-down		(1, 554)
(Gain) loss on inventory counts, net		(9)
Unallocated fixed overhead		52, 734
Operating expense		\$ 495, 729

Schedule XII

Ligitek Electronics Co., Ltd.

Schedule of Direct Labor and Overhead

2023

In thousands of NTD

Summary	Amount	Footnote
Direct Labor	\$ 42,628	
Salaries and wages	39,345	
Meal expense	1,703	
Pension	1,580	
Overhead	138,730	
Salaries and wages	30,468	
Rent expense	—	
Stationeries supplies	110	
Traveling expense	—	
Freight	38	
Postage and telecommunication expense	146	
Repairs and maintenance expense	3,053	
Packing expense	204	
Utilities expense	7,336	
Insurance expense	7,574	
Processing expense	47,075	
Taxes	1,248	
Depreciations	30,124	
Amortization expense	—	
Meal expense	1,184	
Employee benefits	348	
Pension	1,375	
Consumables	3,226	
Miscellaneous purchases	166	
Entertainment expense	22	
Miscellaneous expense	5,033	
Total	\$ 181,358	

Schedule XIII

Ligitek Electronics Co., Ltd.
Schedule of Operating Expense
2023

In thousands of NTD

Item	Selling expense	Administrative expense	R&D expense
Salaries and wages	\$ 21,281	\$ 31,162	\$ 19,650
Rent expense	128	14	24
Stationeries supplies	17	97	10
Traveling expense	396	323	95
Freight	4,434	4	26
Postage and telecommunication expense	592	503	43
Repairs and maintenance expense	216	2,082	203
Advertisement expense	101	28	—
Utilities expense	1,139	2,195	2,486
Insurance expense	2,453	3,954	1,859
Entertainment expense	637	624	5
Donations	—	100	—
Taxes	204	328	231
Depreciations	1,780	6,320	3,332
Amortizations	—	118	644
Meal expense	642	763	651
Employee benefits	101	132	95
Commission expense	3,929	—	—
Training expense	25	150	—
Pension	1,305	1,109	985
Import/export expense	1,937	—	—
Services expense	—	3,965	489
Miscellaneous purchases	121	134	625
Transportation expense of directors and supervisors	—	3,200	—
Expensing requisition of materials	249	—	666
Sample expense	574	—	525
Consumables	—	—	78
Miscellaneous expense	3,946	8,068	2,021
Total	\$ 46,207	\$ 65,373	\$ 34,743