

Stock Code: 8111

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

Company Address : No. 238, Bo'ai Street, Shulin District, New Taipei City
Company Tel : (02)7703-6000

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Ligitek Electronics Co., Ltd.

Declaration Statement

December 31, 2023

The entities that are required to be included in the consolidated financial reports of affiliated enterprises of Ligitek Electronics Co., Ltd. as of and for the year ended December 31, 2023, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10 (“IFRS 10”). In addition, the information required to be disclosed in the above consolidated financial reports of affiliated enterprises has been included in the consolidated financial statements per IFRS 10. Consequently, Ligitek Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial reports of affiliated enterprises.

Declared herein,

Company name: Ligitek Electronics Co., Ltd.

Responsible person: Tung, I-Hsin

March 13, 2024

Independent Auditors' Report

To: Ligitek Electronics Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan).

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Revenue Recognition

Please refer to Note 4.20 "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 Group 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 consolidated 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 Group.
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.

Valuation of Expected Credit Losses on Receivables

Please refer to Note 4.7 of the financial statements for details of the accounting policies regarding evaluation of expected credit losses on receivables and Note 6.4 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 consolidated 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.

Cash and Cash Equivalents

Please refer to Note 4.6 of the consolidated financial statements for details of the accounting policies for cash and cash equivalents and Note 6.1, Note 6.6 for the related disclosures.

Description on the key audit matter:

Due to existing inherent risk of cash and cash equivalents and bank time deposits with original maturity over 3 months, and the fact that cash and cash equivalents and bank time deposits with original maturity over 3 months accounted for approximately 44% of the total consolidated assets and were material to the consolidated financial statements as a whole, cash and cash equivalents and bank time deposits with original maturity over 3 months are considered key audit matters.

Audit procedures in response:

1. Evaluated and tested the internal controls governing management of cash and cash equivalents and bank time deposits with original maturities of more than 3 months.
2. For significant cash receipts and disbursements, we verified the related transaction documents, obtained the breakdowns for the balances of recorded bank deposits and reconciled to the bank statements. In addition, we reconciled the recorded balances of bank deposits to the amounts in the bank confirmations and examined whether the bank deposits in the bank confirmations are subjected to restrictions and properly disclosed in the financial statements.

Other Matters

We have also audited the parent company only financial statements of Ligitek Electronics Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan), and for such internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial

statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, 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.

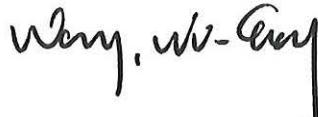
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.



Crowe (TW) CPAs
Taipei, Taiwan
Republic of China



March 13, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements shall prevail.

Ligitek Electronics Co., Ltd. and Subsidiaries
 Consolidated Balance Sheets
 December 31, 2023 and 2022

Code	Assets	In thousands of NTD			
		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current Assets					
1100	Cash and cash equivalents (Note 6.1)	\$ 666,722	32	\$ 726,531	34
1110	Financial assets at FVTPL - current (Note 6.2)	46,100	2	42,286	2
1150	Notes receivable, net (Note 6.3)	1,263	—	1,355	—
1170	Accounts receivable, net (Note 6.4)	286,629	14	291,091	13
1180	Accounts receivable - related parties, net (Note 7)	—	—	350	—
1200	Other receivables	9,250	—	4,252	—
1220	Current-period income tax assets	2,533	—	43	—
130X	Inventories (Note 6.5)	123,077	6	179,040	8
1410	Prepayments	19,991	1	26,644	1
1476	Other financial assets - current (Note 6.6)	238,082	12	184,380	9
1479	Other current assets - other	114	—	201	—
11XX	Total current assets	1,393,761	67	1,456,173	67
Noncurrent Assets					
1517	Financial assets at FVTOCI - noncurrent (Note 6.7)	111,338	5	99,957	4
1600	Property, plant and equipment (Note 6.8, Note 8)	435,277	21	472,125	21
1755	Right-of-use assets (Note 6.9)	33,109	2	40,451	2
1760	Investment properties, net (Note 6.10, Note 8)	24,976	1	25,064	1
1780	Intangible assets (Note 6.11)	5,900	—	5,739	—
1840	Deferred income tax assets (Note 6.27)	21,566	1	34,178	2
1915	Prepayments for equipment	6,849	—	3,588	—
1920	Refundable deposits	43,128	2	37,347	2
1990	Other noncurrent assets - other	12,313	1	12,896	1
15XX	Total noncurrent assets	694,456	33	731,345	33
1XXX	Total Assets	\$ 2,088,217	100	\$ 2,187,518	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	21	\$ 466,750	21
2130	Contract liabilities - current (Note 6.21)	13,273	1	8,867	-
2150	Notes payable	103	-	107	-
2170	Accounts payable	63,015	3	78,521	4
2180	Accounts payable - related parties (Note 7)	-	-	74	-
2200	Other payables	74,135	4	79,492	4
2220	Other payables - related parties (Note 7)	16	-	19	-
2230	Current-period income tax liabilities (Note 6.27)	5,184	-	5,715	-
2250	Provisions - current (Note 6.13)	6,469	-	6,703	-
2280	Lease liabilities - current (Note 6.9)	12,702	1	12,749	1
2320	Long-term liabilities, including those due within one year or one business cycle (Note 6.14)	22,513	1	11,478	1
2399	Other current liabilities - other	3,966	1	4,016	-
21xx	Total current liabilities	648,126	31	674,491	31
NONCURRENT LIABILITIES					
2540	Long-term borrowings (Note 6.14)	24,999	1	14,634	1
2570	Deferred income tax liabilities (Note 6.27)	5,965	-	11,448	1
2580	Lease liabilities - noncurrent (Note 6.9)	21,969	1	29,660	1
2640	Net defined benefit liabilities - noncurrent (Note 6.15)	2,914	-	3,088	-
2645	Guarantee deposits received	8,098	1	4,327	-
25xx	Total noncurrent liabilities	63,945	3	63,157	3
2xxx	TOTAL LIABILITIES	712,071	34	737,648	34
EQUITY					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
3100	Share capital (Note 6.16)	1,091,022	52	1,091,022	50
3200	Capital surplus (Note 6.17)	6,534	-	6,534	-
3300	Retained earnings (Note 6.18)	314,440	16	383,109	18
3310	Legal reserve	80,553	4	69,173	3
3320	Special reserve	34,899	2	53,119	3
3350	Unappropriated retained earnings	198,988	10	260,817	12
3400	Other equity interest (Note 6.19)	(38,620)	(2)	(34,899)	(2)
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)	(3)
31xx	Total equity attributable to owners of the parent	1,373,376	66	1,445,766	66
36xx	Non-controlling interests (Note 6.20)	2,770	-	4,104	-
3xxx	Total Equity	1,376,146	66	1,449,870	66
	Total Liabilities and Equity	\$ 2,088,217	100	\$ 2,187,518	100

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

Ligitek Electronics Co., Ltd. and Subsidiaries
Consolidated 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)	\$ 783,057	100	\$ 842,365	100
5000	Operating costs (Note 6.5)	(576,457)	(74)	(580,908)	(69)
5900	Gross profit (loss) from operations	206,600	26	261,457	31
6000	Operating expenses	(199,986)	(25)	(205,602)	(24)
6100	Selling expenses	(65,084)	(8)	(66,326)	(8)
6200	Administrative expenses	(94,630)	(12)	(100,299)	(12)
6300	Research and development expenses	(38,451)	(5)	(38,892)	(4)
6450	Expected credit (impairment losses) reversal gains	(1,821)	-	(85)	-
6900	Net operating income (loss)	6,614	1	55,855	7
7000	Non-operating income and expenses	67,700	9	89,188	10
7100	Interest income (Note 6.23)	30,511	4	11,226	1
7010	Other income (Note 6.24)	7,236	1	8,552	1
7020	Other gains and losses (Note 6.25)	39,176	5	77,487	9
7050	Financial costs (Note 6.26)	(9,223)	(1)	(8,077)	(1)
7900	INCOME (LOSS) BEFORE INCOME TAX	74,314	10	145,043	17
7950	INCOME TAX (EXPENSE) BENEFIT (Note 6.27)	(12,728)	(2)	(33,618)	(4)
8200	NET INCOME (LOSS)	61,586	8	111,425	13
	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 or losses on valuation of equity instruments measured at FVTOCI	1,001	-	(5,775)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from translation of foreign operations	(4,797)	(1)	26,861	3
8367	Unrealized gains or losses on valuation of debt instruments measured at FVTOCI	51	-	(2,808)	-
8300	Other comprehensive income (loss), net	(4,387)	(1)	18,542	2
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 57,199	7	\$ 129,967	15
8600	NET INCOME (LOSS) ATTRIBUTABLE TO:				
8610	Owners of the parent	\$ 62,896		\$ 114,583	
8620	Non-controlling interests	(1,310)		(3,158)	
		\$ 61,586		\$ 111,425	
8700	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Owners of the parent	\$ 58,533		\$ 133,067	
8720	Non-controlling interests	(1,334)		(3,100)	
		\$ 57,199		\$ 129,967	
	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 consolidated financial statements.)

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

In thousands of NTD

Item	Equity attributable to owners of parent										Non-controlling interests	Total equity		
	Retained earnings					Other equity items								
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	Unrealized gains (losses) on valuation of financial assets at FVTOCI	Total equity attributable to owners of parent	Non-controlling interests					
Balance on January 1, 2022	\$ 1,091,022	\$ 6,534	\$ 29,837	\$ 48,613	\$ 419,979	\$ 717	(\$ 53,836)	\$ 1,542,866	\$ 5,366	\$ 1,548,232				
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)	–	(229,115)	–	–		
Net profit (loss) for 2022	–	–	–	–	114,583	–	–	114,583	(3,158)	111,425				
Other comprehensive income (loss), net of tax, for 2022	–	–	–	–	264	26,786	(8,566)	18,484	58	18,542				
Total comprehensive income (loss) for 2022	–	–	–	–	114,847	26,786	(8,566)	133,067	(3,100)	129,967				
Difference between acquisition or disposal price of equity shares of subsidiaries and the carrying value	–	–	–	–	(1,052)	–	–	(1,052)	1,052	–				
Increase (decrease) in non-controlling interests	–	–	–	–	–	–	–	–	786	786				
Balance on December 31, 2022	\$ 1,091,022	\$ 6,534	\$ 69,173	\$ 53,119	\$ 260,817	\$ 27,503	(\$ 62,402)	\$ 1,445,766	\$ 4,104	\$ 1,449,870				
Balance on January 1, 2023	\$ 1,091,022	\$ 6,534	\$ 69,173	\$ 53,119	\$ 260,817	\$ 27,503	(\$ 62,402)	\$ 1,445,766	\$ 4,104	\$ 1,449,870				
Appropriation of earnings:														
Legal reserve	–	–	11,380	–	(11,380)	–	–	–	–	–	–	–		
Cash dividends of common shares	–	–	–	–	(130,923)	–	–	(130,923)	–	(130,923)	–	–		
Reversal of special reserve	–	–	–	(18,220)	18,220	–	–	–	–	–	–	–		
Net profit (loss) for 2023	–	–	–	–	62,896	–	–	62,896	(1,310)	61,586				
Other comprehensive income (loss), net of tax, for 2023	–	–	–	–	(642)	(4,769)	1,048	(4,363)	(24)	(4,387)				
Total comprehensive income (loss) for 2023	–	–	–	–	62,254	(4,769)	1,048	58,533	(1,334)	57,199				
Balance on December 31, 2023	\$ 1,091,022	\$ 6,534	\$ 80,553	\$ 34,899	\$ 198,988	\$ 22,734	(\$ 61,354)	\$ 1,373,376	\$ 2,770	\$ 1,376,146				

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

Ligitek Electronics Co., Ltd. and Subsidiaries
Consolidated 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	\$ 74,314	\$ 145,043
Adjustments:		
Income/gain and expense/loss items		
Depreciation expense	54,057	56,987
Amortization expense	1,266	1,254
Expected credit impairment loss (reversal gain)	1,821	85
Net loss (gain) on financial assets and liabilities measured at FVTPL	11,439	2,093
Interest expense	9,223	8,077
Interest income	(30,511)	(11,226)
Dividend income	(365)	(894)
Loss (gain) on disposal and scrapping of property, plant and equipment	(1,337)	642
Loss (gain) on disposals of other assets	(786)	-
Loss (gain) on disposal of investments	(46,844)	(6,485)
Other items	(240)	(2,104)
Total income/gain and expense/loss items	<u>(2,277)</u>	<u>48,429</u>
Changes in operating assets / liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	93	7,830
Decrease (increase) in accounts receivable	2,513	17,806
Decrease (increase) in accounts receivable - related parties	350	(341)
Decrease (increase) in other receivables	(1,094)	36,618
Decrease (increase) in inventories	55,251	41,651
Decrease (increase) in prepayments	6,490	(17,601)
Decrease (increase) in other current assets	87	9
Decrease (increase) in other operating assets	127	-
Total net changes in operating assets	<u>63,817</u>	<u>85,972</u>
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	4,406	1,293
Increase (decrease) in notes payable	(4)	(73)
Increase (decrease) in accounts payable	(14,002)	(16,827)
Increase (decrease) in accounts payable – related parties	(74)	8
Increase (decrease) in other payables	(5,843)	(33,184)
Increase (decrease) in other payables – related parties	(3)	-
Increase (decrease) in provisions	(234)	70
Increase (decrease) in other current liabilities	(49)	(140)
Increase (decrease) in net defined benefit liabilities	(816)	(794)
Total net changes in operating liabilities	<u>(16,619)</u>	<u>(49,647)</u>
Total net changes in operating assets and liabilities	<u>47,198</u>	<u>36,325</u>
Total adjustments	<u>44,921</u>	<u>84,754</u>
Cash generated from (used in) operations	119,235	229,797
Interest received	26,606	9,134
Dividend received	365	894
Interest paid	(9,214)	(7,998)
Income taxes refunded (paid)	(8,620)	(1,209)
Net cash flows from (used in) operating activities	<u>128,372</u>	<u>230,618</u>

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CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of FVTOCI financial assets	(10,000)	–
Acquisition of FVTPL financial assets	(	60,698)	(34,427)
Disposal of FVTPL financial assets		92,286	66,862
Acquisition of property, plant and equipment	(	10,196)	(23,820)
Disposal of property, plant and equipment		3,649	2,249
Increase in refundable deposits	(	5,782)	–
Decrease in refundable deposits		–	1,051
Acquisition of intangible assets	(	856)	(566)
Increase in other financial assets	(	53,702)	(48,160)
Increase in other prepayments	(	335)	(162)
Other investing activities		1,286	–
Net cash flows from (used in) investing activities	(	44,348)	(36,973)

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in short-term borrowings	(	20,000)	(34,000)
Long-term borrowings		21,401	–
Repayments of long-term borrowings		–	(19,093)
Increase in guarantee deposits received		3,771	430
Lease principal repayments	(	13,959)	(15,256)
Distribution of cash dividends	(	130,923)	(229,115)
Change in non-controlling interests		–	786
Net cash flows from (used in) financing activities	(	139,710)	(296,248)
Effects on cash and cash equivalents from changes of exchange rates	(	4,123)	(25,961)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(	59,809)	(76,642)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		726,531	803,173
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	666,722	\$ 726,531

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

Ligitek Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated 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. For the main business activities of the Company and its subsidiaries (together, the “Group”), please refer to descriptions in Note 4.3(3).

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

In addition, the Company is the Group's ultimate parent company.

These consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. The Authorization of the Consolidated Financial Statements

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

3. Application of New Standards, Amendments, and Interpretations

3.1 Effects from application of the International Financial Reporting Standards, International Accounting Standards, and the related interpretations and announcements endorsed and issued into effect by the Financial Supervisory Commission (“FSC”) (together “IFRSs”): 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 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	(Note 4)

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

Note 2: 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 3: 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 4: 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 income 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 January 2022, the earliest comparative period presented, recognize deferred income 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. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

(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 Group's assessment, the New IFRSs above have no significant effect on the Group'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 1)
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 2)

Note 1: 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 2: 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.

After the Group's assessment, the above standards and interpretations do not have material effect on the Company's financial position and 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	Announced by IASB	Effective Date
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 date the accompanying consolidated financial statements are authorized for issue, the Group 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 Group completes the evaluation.

4. Summary of Significant Accounting Policies

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

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs.

4.2 Basis of Preparation

- (1) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - A. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - B. Financial assets measured at fair value through other comprehensive income.
 - C. Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - D. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

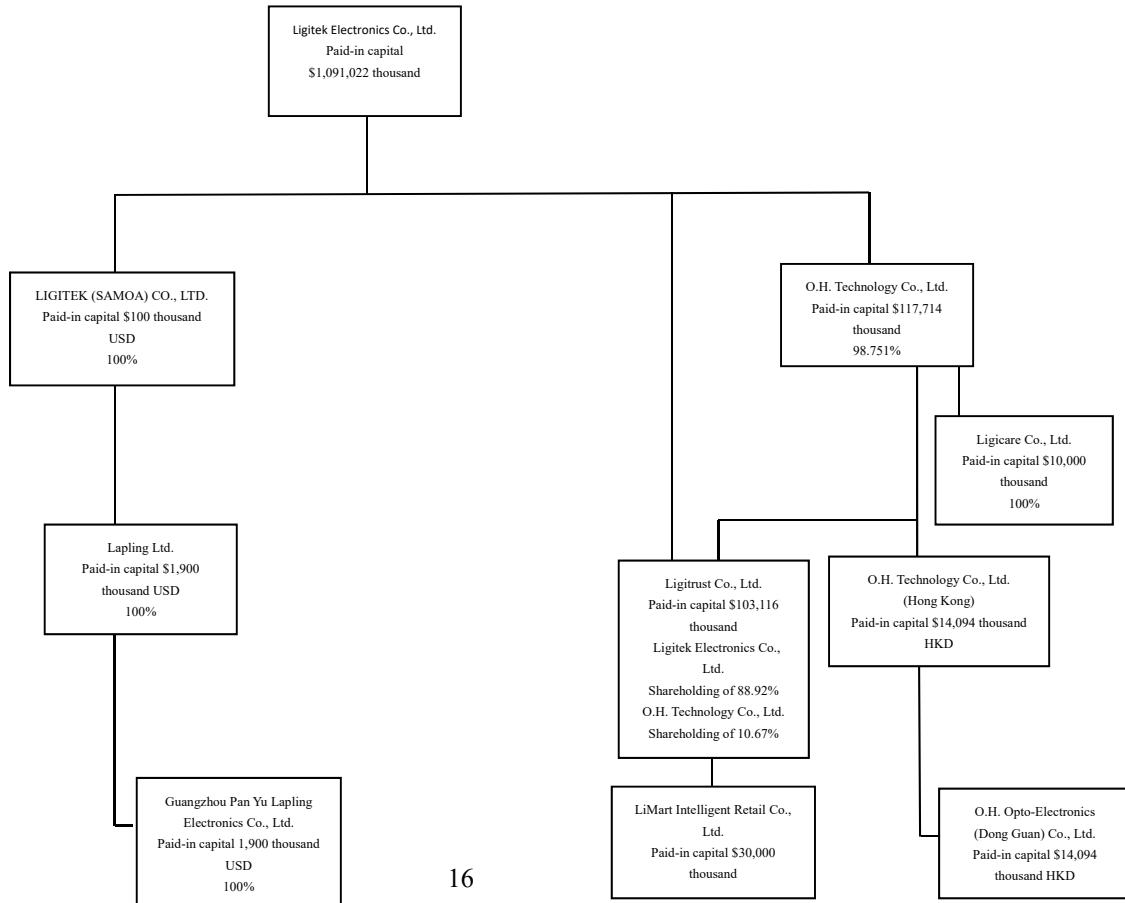
4.3 Basis of Consolidation

- (1) The basis for the consolidated financial statements:
 - A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-

controlling interests even if this results in the non-controlling interests having a deficit balance.

- 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 Group loses control of a subsidiary, the Group 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 the cost on initial recognition of the associate or 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 Group 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 relationship and shareholding ratio between the Company and its subsidiaries as of December 31, 2023 are as follows:



1. On November 9, 2021, the board of directors of Guangzhou Pan Yu Lapling Electronics Co., Ltd. approved the resolution of capital reduction of \$1,100 thousand USD, with the registered capital of \$3,000 thousand USD before the capital reduction and \$1,900 thousand USD after the capital reduction. The business registration of the capital reduction was completed on December 27, 2021, with the refund transferred to the investor, Hong Kong Lapling Ltd., on January 20, 2022.
2. On January 21, 2022, the board of Directors of Hong Kong Lapling Ltd. approved the resolution of capital reduction of \$1,100 thousand USD with the registered capital \$3,000 thousand USD before the capital reduction and \$1,900 thousand USD after the capital reduction. The business registration of the capital reduction was completed, and the refund was transferred to the investor, Ligitek (Samoa) Co., Ltd., on April 27, 2022.
3. On March 21, 2022, the board of directors of Apollo Solar Limited approved the resolution of capital reduction of \$11,599 thousand USD with the registered capital \$11,600 thousand USD before the capital reduction and \$1 thousand USD after the capital reduction. The business registration of the capital reduction was completed, and the refund was transferred to the investor, Ligitek (Samoa) Co., Ltd. and Ever Ease Limited on May 5, 2022.
4. On May 24, 2022, board of directors of Ligitek (Samoa) Co., Ltd. approved the resolution of capital reduction of \$11,900 thousand USD with the registered capital \$12,000 thousand USD before the capital reduction and \$100 thousand USD after the capital reduction. The business registration of the capital reduction was completed, and the refund was transferred to the investor, Ligitek Electronics Co., Ltd., on May 27, 2022.
5. On May 24, 2022, board of directors of Ever Ease Limited approved the resolution of capital reduction of \$2,599 thousand USD with the registered capital \$2,600 thousand USD before the capital reduction and \$1 thousand USD after the capital reduction. The business registration of the capital reduction was completed, and the refund was transferred to investor, Ligitrust Co., Ltd., on May 27, 2022.
6. The board of directors of LiMart Intelligent Retail Co., Ltd. resolved to increase the capital by \$10,000 thousand on August 29, 2022, and the change was completed on October 7, 2022; Ligitrust Co., Ltd. participated in this found

raising, with its shareholding increased from 75% to 80.375% after the capital increase.

7. The board of directors of Apollo Solar Limited approved to dissolve the entity on December 2, 2022 with the dissolution approved by the shareholders' meeting on December 9, 2022. Therefore, Apollo Solar Limited is no longer included as a component entity in the consolidated financial statements since December 2, 2022; In addition, the refunds from the dissolution were transferred to the investors, Ligitek (Samoa) Co., Ltd. and Ever Ease Limited, on December 27, 2022.
8. On April 26, 2023, board of directors of Ever Ease Limited approved to dissolve the entity with the dissolution approved by the shareholders' meeting on May 2, 2023. Therefore, Ever Ease Limited is no longer included as a component entity in the consolidated financial statements since May 2, 2023; In addition, the refunds from the dissolution were transferred to the investor, Ligitrust Co., Ltd., on May 4, 2023.

(3) Subsidiaries included in the consolidated financial statements:

Investor/Subsidiaries		Main Business	Percentage of Ownership	
			2023.12.31	2022.12.31
Ligitek Electronics Co., Ltd.	Ligitek (Samoa) Co., Ltd.	Holding business	100%	100%
Ligitek (Samoa) Co., Ltd.	Laplinc Ltd.	Holding business	100%	100%
Laplinc Ltd.	Guangzhou Pan Yu Laplinc Electronics Co., Ltd.	Production and sale of various electronic components (LED & monitors)	100%	100%
Ligitek Electronics Co., Ltd.	O.H. Technology Co., Ltd.	Conducts research and development, manufacture, processing, and trading of various electronic components, printed circuit board and LED monitors	98.751%	98.751%
O.H. Technology Co., Ltd.	O.H. Technology Co., Ltd. (Hong Kong)	Holding business	100%	100%
O.H. Technology Co., Ltd. (Hong Kong)	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Production and sale of flat-panel display and electronic components	100%	100%
Ligitek Electronics Co., Ltd.	Ligitrust Co., Ltd.	Engaged in leasing business, piping work, electrical appliances installation, etc.	88.92%	88.92%
Ligitek (Samoa) Co., Ltd.	Apollo Solar Limited	Holding business	-	-
Ligitrust Co., Ltd.	Ever Ease Limited	Holding business	-	100%
Ligitrust Co., Ltd.	LiMart Intelligent Retail Co., Ltd.	Retail sale of food, groceries and beverages, others	80.375%	80.375%
Ever Ease Limited	Apollo Solar Limited	Holding business	-	-
O.H. Technology Co., Ltd.	Ligitrust Co., Ltd.	Engaged in leasing business, piping work, electrical appliances installation, etc.	10.67%	10.67%
O.H. Technology Co., Ltd.	Ligicare Co., Ltd.	Production and sale of various medical equipment	100%	100%

All of the financial statements of above consolidated component subsidiaries have been audited.

A. Changes in the consolidation subsidiaries :

(A) Apollo Solar Limited was excluded since December 2, 2022.

(B) Ever Ease Limited was excluded since May 2, 2023.

B. Subsidiaries not included in the consolidated financial statements : None.

C. Adjustments for subsidiaries with different balance sheet dates : None.

D. Significant restrictions :

As of December 31, 2023 and 2022, the cash and bank deposits in Mainland China (including time deposits recorded as financial assets at FVTPL) totaled \$48,644 thousand and \$34,710 thousand, respectively, are under local foreign exchange controls which restrict the capital to be remitted outside the borders (except for normal dividend distribution).

E. The parent company's securities held by subsidiaries : None.

F. Information on subsidiaries with material non-controlling interests :

After assessment, the Group does not have subsidiary with material non-controlling interest.

4.4 Foreign Exchange

- (1) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NT\$), which is the Company's functional currency.
- (2) In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.
- (3) For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

4.5 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; or

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.

Assets that do not meet the above criteria are classified 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 consolidated financial statements are authorized for issue; and
- 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.

Liabilities that do not meet the above criteria are classified as noncurrent.

4.6 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.)

4.7 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or 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.

Financial assets are classified into the following categories: Financial assets measured at fair value through profit or loss (“FVTPL”), financial assets measured at amortized cost, and equity investments measured at fair value through other comprehensive income (“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; and
- 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 in subsequent reporting periods.

(C) Debt investments measured at fair value through other comprehensive income
 Debt instruments that meet both of the following conditions are measured at FVTOCI:

- a. The debt instrument is held within a business model whose objective is achieved by both collecting of contractual cash flows and selling of such financial assets; and
- b. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt investments relating to interest income calculated using the effective interest method, changes in foreign currency exchange rates, and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt investments are recognized in other comprehensive income and will be reclassified to profit or loss when such investment is disposed of.

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

On initial recognition, the Group 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 Group'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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The Group 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 Group 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 a group entity 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 fair value through profit or loss 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) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

(B) Financial liabilities at fair value through profit or loss 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 Group 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 Group 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 Group 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 Group 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.

4.8 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 progress 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.

4.9 Investments accounted for using equity method

- (1) Associates are all entities over which the Group 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% 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.
- (2) The Group's share of its associate's profit or loss after the date of acquisition is recognized in the Group's profit or loss, and its share of changes in the associate's other comprehensive income is recognized in the Group's other comprehensive income. When the Group's share of losses of its associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(3) Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

(4) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group'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 Group'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.

(5) Upon loss of significant influence over an associate, the Group 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.

(6) When the Group disposes its investment in an associate, if it loses significant influence over the associate, the Group 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 Group 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.

(7) When the Group 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.

4.10 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss 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.

4.11 Leases

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

a lease. For a contract that contains a lease component and non-lease components, the Group 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 Group 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 Group 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 consolidated 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 Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group 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 Group 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 Group uses the lessee's

incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, 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 Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group 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 consolidated balance sheets.

The Group 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 Group elected to apply the practical expedient to all of rent concessions met the conditions aforementioned. That is, the Group did not assess whether the change would result in a lease modification. Instead, the Group 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 Group 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 Group 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.

4.12 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.

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

4.13 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 Group. 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.

4.14 Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is 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.

4.15 Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. 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.

4.16 Employee benefits

(1) Short-term employee benefits

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

service.

(2) 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 Group 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 used is determined by using the market yields

(at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.

(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 Group'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 Group 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.

4.17 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 Group'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.

4.18 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.

4.19 Income tax

- (1) The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- (2) The current income tax charge is calculated 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 consolidated balance sheet. However, the deferred income 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 income 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income 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 be recognized as tax credit while applying accounting policies.

4.20 Revenue Recognition

The Group 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 Group 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 Group 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 Group does not adjust the promised amount of consideration for the effect of a significant financing component.

A. Revenue from the sale of goods

The Group 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 Group has objective evidence that all acceptance conditions have been met.

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

B. Provision of services

The services provided by the Group 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.

4.21 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.

4.22 Government grants

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

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

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 Group 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 Group 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 consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Business model assessment for financial assets

The Group 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 Group constantly assess the adequacy of its business model and monitors financial assets measured at amortized cost and debt investments measure at fair value through other comprehensive income. When these assets are derecognized

prior to their maturity, the Group reviews the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. If the objective of the business for an asset is changed, the classification of the asset is prospectively changed accordingly.

(2) Revenue recognition

A. The Group 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 Group acts as an agent, revenue is recognized on a net basis.

When another party is involved in providing goods or services to a customer, the Group is a principal if the group obtains control of any one of the following:

(A) Before a commodity or other asset is transferred to a customer, the Group 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 Group the ability to direct that party to provide the service to the customer on the Group'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 Group 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 entity has discretion in establishing the price for the specified good or service.

(3) Lease terms

In determining a lease term, the Group 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 Group 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 Group satisfies its performance obligation. The Group estimates sales returns and allowance based on historical experience and other known factors. The Group 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 Group makes these assumptions and selects inputs for impairment calculation based on the Group'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 Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group 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 Group 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 Group 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 Group 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 Group's strategy might result in material impairment of assets in the future.

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

The Group 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 Group assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Group'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 income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred income tax asset can be utilized. The Group's management assesses the realizability of deferred income 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 income tax assets.

(7) Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Group 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 Group 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	\$ 986	\$ 788
Check deposits	10	10
Demand deposits and foreign currency deposits	635, 066	695, 003
Cash equivalents		
Short-term notes with original maturities within three months	30, 660	30, 730
Total	\$ 666, 722	\$ 726, 531

- (1) The Group deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the Group considers its cash and cash equivalents to have low credit risk.
- (2) The Group has no cash and cash equivalents pledged to others.
- (3) Cash equivalents on December 31, 2023 and 2022 are bonds with repurchase agreements, with duration of December 13, 2023 ~ January 15, 2024 and duration of December 7, 2022 ~ January 9, 2023, respectively, and at interest rate of 5.50% and 4.10%, respectively.

6.2 Financial instruments at FVTPL - current

	December 31, 2023	December 31, 2022
Financial assets - current		
Financial assets designated as measured at FVTPL		
Domestic and foreign listed (or OTC) stocks	\$ 24, 538	\$ 42, 286
Financial products	21, 562	-
Total	\$ 46, 100	\$ 42, 286

(1) The Group has no financial assets at FVTPL pledged to others.

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

6.3 Notes receivable, net

Item	December 31, 2023	December 31, 2022
Notes receivable	\$ 1, 276	\$ 1, 369
Less: Loss allowance	(13)	(14)
Notes receivable, net	\$ 1, 263	\$ 1, 355

(1) As of December 31, 2023 and 2022, none of notes receivable is discounted by the Group.

(2) As of December 31, 2023 and 2022, none of notes receivable is pledged by the Group.

(3) For information on loss allowance of notes receivable, please refer to Note 6.4.

6.4 Accounts receivable, net

Item	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 304, 632	\$ 307, 145
Less: Loss allowance	(18, 003)	(16, 054)
Accounts receivable, net	\$ 286, 629	\$ 291, 091

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

The Group has no accounts receivable pledged to others.

(1) Accounts receivable of the Group are measured at amortized cost. As of December 31, 2023 and 2022, none of notes receivable is discounted by the

Group.

(2) The Group 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 Group'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 Group'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		Loss allowance		
	credit loss rate	Gross carrying amount	(Lifetime ECL)	Amortized cost	
Not past due	0%-1%	\$ 187, 215	\$ 13	\$ 187, 202	
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	100%	80, 702	20, 031	60, 671	

December 31, 2022	Expected		Loss allowance		
	credit loss rate	Gross carrying amount	(Lifetime ECL)	Amortized cost	
Not past due	0%-1%	\$ 226, 451	\$ 14	\$ 226, 437	
Past due 31~90 days	3%	3, 381	75	3, 306	
Past due 91~180 days	20%	214	8	206	
Past due 181~365 days	50%	490	245	245	
Past due over 365 days	100%	118, 579	55, 977	62, 602	

(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	\$ 56,319	\$ 56,208
Add: Recognition of impairment losses	1,821	85
Less: Reversal of impairment losses	—	—
Less: Derecognition	—	—
Less: Uncollectible accounts written off	(37,711)	—
Effects from foreign exchange difference	(39)	26
Others	—	—
Balance on December 31	<u>\$ 20,390</u>	<u>\$ 56,319</u>

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

6.5 Inventories and cost of goods sold

Item	December 31, 2023	December 31, 2022
Raw materials	\$ 27,983	\$ 32,435
Merchandise	7,558	15,244
Work in process	20,257	44,387
Finished goods	67,279	86,974
Net amount	<u>\$ 123,077</u>	<u>\$ 179,040</u>

(1) The cost of inventories recognized as expense (gain) for 2023 and 2022:

	2023	2022
Cost of goods sold	\$ 524,101	\$ 527,651
Unallocated overheads	52,734	51,499
Loss on decline (reversal gain) in market value of inventories	(370)	1,751
Gain (loss) from inventory take	(8)	7
Total operating costs	\$ 576,457	\$ 580,908

(2) In 2023 and 2022, the Group 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 Group thus recognized inventory valuation loss (reversal gain) of (\$370) thousand and \$1,751 thousand for 2023 and 2022, respectively.

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

6.6 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	\$ 238,082	\$ 184,380

6.7 Financial assets at fair value through other comprehensive income

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	\$ 157,446	\$ 147,447
Valuation adjustment	(58,362)	(59,364)
Subtotal	99,084	88,083
Total	\$ 111,338	\$ 99,957

(1) The Group 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 Group'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 \$99,084 thousand and \$88,083 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.

6.8 Property, plant and equipment

	December 31, 2023	December 31, 2022
Assets used by the Group	\$ 433,185	\$ 467,716
Assets under operating leases	2,092	4,409
Total	\$ 435,277	\$ 472,125

- (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 Group'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 Group

	December 31, 2023	December 31, 2022
Land	\$ -	\$ -
Buildings	641,365	641,834
Machinery	320,275	322,726
Other equipment	67,130	66,143
Total cost	1,028,770	1,030,703
Less: Accumulated depreciation	(595,585)	(562,987)
Accumulated impairment	-	-
Total	\$ 433,185	\$ 467,716

	Land	Buildings	Machinery	Other Equipment	Total
Cost					
Balance on January 1, 2023	\$ -	\$ 641, 834	\$ 322, 726	\$ 66, 143	\$1, 030, 703
Additions	-	-	2, 402	3, 463	5, 865
Disposals	-	-	(4, 559)	(1, 864)	(6, 423)
Reclassified	-	-	-	-	-
Effect of foreign currency exchange difference	-	(469)	(294)	(612)	(1, 375)
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2023	\$ -	\$ 641, 365	\$ 320, 275	\$ 67, 130	\$1, 028, 770

Accumulated depreciation and impairment					
Balance on January 1, 2023	\$ -	\$ 302, 065	\$ 222, 866	\$ 38, 056	\$ 562, 987
Depreciation expense	-	11, 751	19, 884	7, 517	39, 152
Disposals	-	-	(4, 559)	(1, 407)	(5, 966)
Reclassified	-	-	-	-	-
Effect of foreign currency exchange difference	-	(66)	(214)	(308)	(588)
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2023	\$ -	\$ 313, 750	\$ 237, 977	\$ 43, 858	\$ 595, 585

	Land	Buildings	Machinery	Other Equipment	Total
Cost					
Balance on January 1, 2022	\$ -	\$ 640, 426	\$ 311, 435	\$ 60, 148	\$1, 012, 009
Additions	-	1, 095	14, 193	5, 548	20, 836
Disposals	-	-	(4, 063)	(212)	(4, 275)
Reclassified	-	-	911	337	1, 248
Effect of foreign currency exchange difference	-	313	250	322	885
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2022	\$ -	\$ 641, 834	\$ 322, 726	\$ 66, 143	\$1, 030, 703

Accumulated depreciation and
impairment

Balance on January 1, 2022	\$ -	\$ 290,327	\$ 204,602	\$ 29,866	\$ 524,795
Depreciation expense	-	11,703	20,081	8,065	39,849
Disposals	-	-	(1,973)	(119)	(2,092)
Reclassified	-	-	-	108	108
Effect of foreign currency exchange difference	-	35	156	136	327
Transfer to assets under operating leases	-	-	-	-	-
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 302,065</u>	<u>\$ 222,866</u>	<u>\$ 38,056</u>	<u>\$ 562,987</u>

Assets under operating leases

	December 31, 2023	December 31, 2022
Other Equipment	\$ 4,245	\$ 6,220
Less: Accumulated depreciation	(2,153)	(1,811)
Accumulated impairment	-	-
Total	<u>\$ 2,092</u>	<u>\$ 4,409</u>

Cost	Other Equipment
Balance on January 1, 2023	\$ 6,220
Additions	-
Disposals	(2,771)
Reclassified	796
Transfer to assets used by the Group	-
Effect of foreign currency exchange difference	-
Balance on December 31, 2023	<u>\$ 4,245</u>

<u>Accumulated depreciation and impairment</u>		
Balance on January 1, 2023	\$	1,811
Depreciation expense		1,257
Disposals	(	915)
Reclassified		—
Transfer to assets used by the Group		—
Effect of foreign currency exchange difference		—
Balance on December 31, 2023	\$	2,153

<u>Cost</u>		<u>Other equipment</u>
Balance on January 1, 2022	\$	6,415
Additions		475
Disposals	(	875)
Reclassified		475
Transfer to assets used by the Group	(	270)
Effect of foreign currency exchange difference		—
Balance on December 31, 2022	\$	6,220

<u>Accumulated depreciation and impairment</u>		
Balance on January 1, 2022	\$	716
Depreciation expense		1,371
Disposals	(	168)
Reclassified		—
Transfer to assets used by the Group	(	108)
Effect of foreign currency exchange difference		—
Balance on December 31, 2022	\$	1,811

(4) The Group leased out other equipment under operating leases and the lease terms are 1~3 years. All operating lease contracts contain market rent review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the end of the lease terms.

(5) The maturity analysis of operating lease payments for owned plant, property and equipment is as follows:

	December 31, 2023	December 31, 2022
Year 1	\$ 490	\$ 1,496
Year 2	359	851
Year 3	103	235
Year 4	-	-
Year 5	-	-
Total	\$ 952	\$ 2,582

(6) As there was no indication of impairment as of December 31, 2023 and 2022, no impairment loss was recognized for the year.

6.9 Lease agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Land	\$ 44,555	\$ 44,555
Buildings	26,746	26,754
Other equipment	5,686	8,458
Total cost	76,987	79,767
Less: Accumulated depreciation	(43,878)	(39,316)
Accumulated impairment	-	-
Total	\$ 33,109	\$ 40,451

	Land	Buildings	Other Equipment	Total
Cost				
Balance on January 1, 2023	\$ 44,555	\$ 26,754	\$ 8,458	\$ 79,767
Increase for the year	–	2,084	4,491	6,575
Decrease for the year	–	(1,464)	(7,263)	(8,727)
Effect of foreign currency exchange difference	–	(628)	–	(628)
Balance on December 31, 2023	\$ 44,555	\$ 26,746	\$ 5,686	\$ 76,987

Accumulated depreciation and impairment				
Balance on January 1, 2023	\$ 19,885	\$ 12,771	\$ 6,660	\$ 39,316
Depreciation expense	5,286	5,487	2,874	13,647
Decrease for the year	–	(1,464)	(7,263)	(8,727)
Reclassified	–	–	–	–
Effect of foreign currency exchange difference	–	(358)	–	(358)
Balance on December 31, 2023	\$ 25,171	\$ 16,436	\$ 2,271	\$ 43,878

	Land	Buildings	Other Equipment	Total
Cost				
Balance on January 1, 2022	\$ 42,171	\$ 37,567	\$ 8,990	\$ 88,728
Increase for the year	2,384	320	–	2,704
Decrease for the year	– (11,815)	(542)	(12,357)	
Effect of foreign currency exchange difference	–	682	10	692
Balance on December 31, 2022	\$ 44,555	\$ 26,754	\$ 8,458	\$ 79,767
Accumulated depreciation and impairment				
Balance on January 1, 2022	\$ 14,598	\$ 11,150	\$ 4,020	\$ 29,768
Depreciation expense	5,287	7,308	3,173	15,768
Decrease for the year	– (5,981)	(542)	(6,523)	
Reclassified	–	–	–	–
Effect of foreign currency exchange difference	–	294	9	303
Balance on December 31, 2022	\$ 19,885	\$ 12,771	\$ 6,660	\$ 39,316

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ 12,702	\$ 12,749
Noncurrent	\$ 21,969	\$ 29,660

The ranges of discount rates for the lease liabilities:

	December 31, 2023	December 31, 2022
Land	1.873%	1.873%
Buildings	1.527%~1.7748%	1.601%~1.775%
Other equipment	1.419%~1.660%	1.419%~1.830%

Please refer to Note 12.3 for information on the maturity analysis of the lease liabilities.

(3) Major lease-in activities and terms

The Group leases state-owned land, certain buildings and other equipment for use as office premises, plant and by vehicles for terms of 1 ~ 20 years, and the Group 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 Group 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 Group negotiated the lease of land, plant and office 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

Cash outflow relating to leases for the year is as follows:

	2023	2022
Expenses relating to short-term leases	\$ 542	\$ 711
Expenses relating to low-value asset leases	\$ 259	\$ 219
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ -	\$ -
Total cash outflow for leases (Note A)	\$ 15,435	\$ 17,177

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

The Group 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	\$ 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	<u>\$ 24,976</u>	<u>\$ 25,064</u>

	Land	Buildings	Total
<u>Cost</u>			
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	<u>\$ 24,112</u>	<u>\$ 3,075</u>	<u>\$ 27,187</u>

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

	Land	Unfinished construction	Total
Cost			
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	\$ 24,112	\$ 3,075	\$ 27,187
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	\$ —	\$ 2,123	\$ 2,123

(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 Group 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 Group.

6.11 Intangible assets

Item	December 31, 2023	December 31, 2022	
Patents	\$ 6,133	\$ 5,831	
Computer software	2,507	1,922	
Total cost	8,640		
Less: Accumulated amortization	(2,740)		
Accumulated impairment	-		
Net amount	\$ 5,900	\$ 5,739	
Cost	Patents	Computer software	Total
Balance on January 1, 2023	\$ 5,831	\$ 1,922	\$ 7,753
Additions	255	601	856
Disposals or derecognition	(117)	-	(117)
Reclassified	164	-	164
Effect of foreign currency exchange difference	-	(16)	(16)
Balance on December 31, 2023	\$ 6,133	\$ 2,507	\$ 8,640
Accumulated amortization and impairment			
Balance on January 1, 2023	\$ 1,254	\$ 760	\$ 2,014
Amortization expense	513	341	854
Disposals or derecognition	(117)	-	(117)
Effect of foreign currency exchange difference	-	(11)	(11)
Balance on December 31, 2023	\$ 1,650	\$ 1,090	\$ 2,740

	Patents	Computer software	Total
Cost			
Balance on January 1, 2022	\$ 5,674	\$ 1,563	\$ 7,237
Additions	216	350	566
Disposals or derecognition	(137)	–	(137)
Reclassified	78	–	78
Effect of foreign currency exchange difference	–	9	9
Balance on December 31, 2022	\$ 5,831	\$ 1,922	\$ 7,753
Accumulated amortization and impairment			
Balance on January 1, 2022	\$ 973	\$ 481	\$ 1,454
Amortization expense	418	275	693
Disposals or derecognition	(137)	–	(137)
Effect of foreign currency exchange difference	–	4	4
Balance on December 31, 2022	\$ 1,254	\$ 760	\$ 2,014

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 Group 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 Provisions—current

Item	December 31, 2023	December 31, 2022
Employee benefits	\$ 4,454	\$ 4,511
Warranty provision	2,015	2,192
Total	\$ 6,469	\$ 6,703

(1) 2023

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 4,511	\$ 2,192	\$ 6,703
Recognized during the period	6,426	399	6,825
Used during the period	(6,483)	(576)	(7,059)
Balance on December 31	\$ 4,454	\$ 2,015	\$ 6,469

(2) 2022

Item	Employee benefits	Warranty Provision	Total
Balance on January 1	\$ 4,366	\$ 2,267	\$ 6,633
Recognized during the period	6,528	289	6,817
Used during the period	(6,383)	(364)	(6,747)
Balance on December 31	\$ 4,511	\$ 2,192	\$ 6,703

- A. Provision for employee benefits is estimated, based on vested long-service leave.
- B. The warranty provisions of the Group mainly relate to sales of LED products and are estimated with reference of historical data.

6.14 Long-term borrowings and current portion

Lending institution	Loan maturity date	December 31, 2023	December 31, 2023	Repayment method
Taiwan Cooperative Bank	2025.03.01	\$ 14,636	\$ 26,112	Note (1), (2), (6)
Taiwan Cooperative Bank	2022.09.25	—	—	Note (3), (6)
E.SUN Commercial Bank	2026.10.19	28,371	—	Note (4), (6)
Taiwan Cooperative Bank	2028.06.05	4,505	—	Note (5), (6)
Total		47,512	26,112	
Less: Long-term liabilities, due within one year		(22,513)	(11,478)	
Long-term borrowings		\$ 24,999	\$ 14,634	
Interest rates		0.5%~2.595%	1.60%~1.81%	

- (1) The principal and interest of Group'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 Group 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 Group'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 Group's secured long-term borrowing of \$30,000 thousand from E.SUN Commercial Bank are repaid in equal monthly installments from October 20, 2023, over 36 months.
- (5) The principal and interest of Group's secured long-term borrowing of \$5,000 thousand from Taiwan Cooperative Bank are repaid in equal monthly installments from July 5, 2023, over 60 months.
- (6) Please refer to Note 8 for collaterals of borrowings from banks.

6.15 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 and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts. Pension benefits for employees of subsidiaries overseas were provided in accordance with the local regulations.
 - B. A total of \$7,141 thousand and \$7,169 thousand were contributed by the Group for 2023 and 2022, respectively.
- (2) Defined benefit plan
 - A. The Company and its domestic subsidiaries have 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 Group has no right to influence their investment strategies.

B. Amounts recognized in the consolidated balance sheets are 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	—	(178)	(178)
(excluding amounts in net interest)			
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
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	—	(1,420)	(1,420)
(excluding amounts in net interest)			
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 Group 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 main actuarial assumptions used were as follows:

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 (TSO).

(6) Reasonably possible changes on December 31, 2023 and 2022 to one of the relevant actuarial assumptions, holding other assumptions constant, would have caused the defined benefit obligation to increase (decrease) by the amounts shown below:

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 Group expects to / actually make to the defined benefit pension plans in 2023 and 2022 is \$878 thousand and \$850 thousand, respectively.

6.16 Share capital

(1) The movements in the number of the Company's ordinary shares outstanding are as follows:

2023		
	Shares (in thousands)	Amount
Balance on January 1	109, 102	\$ 1, 091, 022
Balance on December 31	<u>109, 102</u>	<u>\$ 1, 091, 022</u>

2022		
	Shares (in thousands)	Amount
Balance on January 1	109, 102	\$ 1, 091, 022
Balance on December 31	<u>109, 102</u>	<u>\$ 1, 091, 022</u>

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

6.17 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	<u>\$ 6, 534</u>	<u>\$ 6, 534</u>

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.

6.18 Retained earnings and dividend policy

(1) Dividend policies

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, and if new shares are to be issued, the proposal shall be submitted to the shareholders' meeting for approval and distribution.

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 plannings 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. The amounts previously set aside by the Company as special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, announced on March 31, 2021, shall be reversed proportionately to retain earnings when the relevant assets are used, disposed of or reclassified subsequently.

(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 common 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	Dividends 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.

6.19 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	\$ 22,734	(\$ 61,354)	(\$ 38,620)

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	\$ 27,503	(\$ 62,402)	(\$ 34,899)

6.20 Non-controlling interests

Item	2023	2022
Balance on January 1	\$ 4, 104	\$ 5, 366
Share attributable to non-controlling interests:		
Net income (loss)	(1, 310)	(3, 158)
Other comprehensive income (loss)	(24)	58
Acquisition or disposal shares from subsidiary	–	1, 052
Difference from consideration and carrying amount	–	–
Increase (decrease) in non-controlling interest	–	786
Balance on December 31	<u>\$ 2, 770</u>	<u>\$ 4, 104</u>

6.21 Operating revenue

Item	2023	2022
Revenue from contracts with customers		
Sales revenue	\$ 783, 057	\$ 842, 365
Total	<u>\$ 783, 057</u>	<u>\$ 842, 365</u>

(1) Breakdowns of revenue from contracts with customers

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

Segments	2023	2022
Primary geographical market		
Taiwan	\$ 385, 607	\$ 352, 895
Americas	44, 510	28, 794
Europe	77, 629	97, 406
Asia	272, 618	359, 852
Others	2, 693	3, 418
Total	<u>\$ 783, 057</u>	<u>\$ 842, 365</u>

<u>Major goods/service lines</u>			
LED modules	\$ 441, 852	\$ 500, 123	
Semiconductor-related products	98, 189		119, 655
Other products	243, 016		222, 587
Total	\$ 783, 057		\$ 842, 365

<u>Timing of revenue recognition</u>			
Goods transferred at a point in time	\$ 783, 057	\$ 842, 365	
Total	\$ 783, 057		\$ 842, 365

(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 and accounts receivable	\$ 287, 892	\$ 292, 796
Contract liabilities - current		
Sale of goods	\$ 13, 273	\$ 8, 867

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 Group'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 opening balance of contract liabilities		
Sale of goods	\$ 8, 867	\$ 7, 574

(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		
	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	\$ 86,390	\$ 104,811	\$ 191,201
Insurance	10,201	11,158	21,359
Pension	3,031	4,144	7,175
Directors' remuneration	–	5,483	5,483
Other employee benefits	4,068	3,676	7,744
Depreciation expense	38,769	15,288	54,057
Amortization expense	139	1,127	1,266
Total	\$ 142,598	\$ 145,687	\$ 288,285
 2022			
By nature	2022		
	Operating costs	Operating expenses	Total
Employee benefits expense			
Salary	\$ 93,501	\$ 111,942	\$ 205,443
Insurance	10,063	10,721	20,784
Pension	2,866	4,326	7,192
Directors' remuneration	–	5,900	5,900
Other employee benefits	4,298	3,773	8,071
Depreciation expense	40,372	16,615	56,987
Amortization expense	235	1,019	1,254
Total	\$ 151,335	\$ 154,296	\$ 305,631

(1) The Company shall allocate not lower than 1% and not higher than 5% of annual profits during the period to employees' compensation and directors' and supervisors' remuneration, respectively. The estimated employees' compensation, not lower than 1% of the annual profits, for 2023 and 2022 are \$3,090 thousand and \$6,152 thousand, respectively and the estimated directors' and supervisors' remuneration, not higher than 5%, for 2023 and 2022 are \$772 thousand \$1,538 thousand, respectively. If there is a change in the proposed amount after the annual

consolidated financial statement are authorized for issue, the difference is recorded as a change in accounting estimate next year.

(2) 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	
	Directors'		Directors'	
	Employees'	and compensation	Employees'	and supervisors'
	remuneration		remuneration	
Amount resolved to be distributed	\$ 3,090	\$ 772	\$ 6,152	\$ 1,538
Amount recognized in financial reports	3,090	772	6,152	1,538
Difference	\$ -	\$ -	\$ -	\$ -

The employees' compensation aforementioned is distributed in cash.

(3) 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	\$ 28,047	\$ 10,013
Interest income from debt instruments at FVTOCI	296	223
Other interest income	2,168	990
Total	\$ 30,511	\$ 11,226

6.24 Other income

Item	2023	2022
Rental income	\$ 1,795	\$ 1,352
Dividend income	365	894
Government grants	—	—
Other income - other	5,076	6,306
Total	\$ 7,236	\$ 8,552

6.25 Other gains or losses

Item	2023	2022
Gain (loss) on disposal of financial assets		
Financial assets at FVTPL	\$ 46,844	\$ 6,485
Gain (loss) on value of financial assets		
Financial assets designated as at FVTPL	(11,439)	(2,093)
Net foreign exchange gains (losses)	(98)	75,338
Gain (loss) on disposal of property, plant and equipment	1,337	(642)
Gains on disposal of other assets	786	
Others	1,746	(1,601)
Total	\$ 39,176	\$ 77,487

6.26 Financial costs

Item	2023	2022
Interest expense:		
Bank borrowings	\$ 8,498	\$ 7,050
Interest on lease liabilities	675	991
Others	50	36
Financial costs	\$ 9,223	\$ 8,077

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	\$ 5,201	\$ 260
Additional income tax on unappropriated earnings	–	6,145
Adjustments for prior periods	398	–
Total income tax for current period	5,599	6,405
Deferred income tax		
The origination and reversal of temporary differences	7,129	27,213
Total deferred income tax	7,129	27,213
Income tax expense (benefit)	\$ 12,728	\$ 33,618

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	\$ 74,314	\$ 145,043
Income before income tax subject to the statutory tax rate	\$ 14,863	\$ 29,009
Adjustment of effectives on tax		
Deductible items in determining taxable income	(9,662)	(28,749)
Adjustments for prior periods	398	–
Undistributed earnings subjected to additional 5% tax	–	6,145
Net change in deferred income tax	7,129	27,213
Income tax expense (benefit) recognized in profit or loss	\$ 12,728	\$ 33,618

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%. For entities located in other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

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 Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

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

	2023				
	Recorded in				
	Beginning balance	Recorded in profit (loss)	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 foreign exchange losses	345	(301)	-	-	44
Unrealized payment on pension	-	-	-	-	-
Unrealized valuation loss on inventories	3,917	(294)	-	-	3,623
Unrealized provision of employment	772	5	-	-	777
Operating loss carryforward	24,686	(12,391)	-	-	12,295
Subtotal	34,178	(12,612)	-	-	21,566
Deferred income tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	5,427	(3,381)	-	-	2,046
Gain on foreign investments accounted for using the equity method	6,021	(2,102)	-	-	3,919
Subtotal	11,448	(5,483)	-	-	5,965
Total	\$ 22,730	(\$ 7,129)	\$ -	\$ -	\$ 15,601

2022

	Recorded in					
	Beginning balance	Recorded in profit (loss)	other comprehensive income (loss)	Exchange rate effects	Ending balance	
Deferred income tax assets						
Temporary differences						
Unrealized bad-debt allowance over statutory limit	\$ 4,411	\$ 47	\$ -	\$ -	\$ 4,458	
Unrealized foreign exchange losses	2,990	(2,645)	-	-	345	
Unrealized payment on pension	104	(104)	-	-	-	
Unrealized valuation loss on inventories	3,281	636	-	-	3,917	
Unrealized provision of employment	768	4	-	-	772	
Operating loss carryforward	45,661	(20,975)	-	-	24,686	
Subtotal	57,215	(23,037)	-	-	34,178	
Deferred income tax liabilities						
Temporary differences						
Unrealized foreign exchange gains	-	5,427	-	-	5,427	
Gain on foreign investments accounted for using the equity method	7,272	(1,251)			6,021	
Subtotal	7,272	4,176	-	-	11,448	
Total	\$ 49,943	(\$ 27,213)	\$ -	\$ -	\$ 22,730	

(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	29,867	34,716
Total	\$ 33,474	\$ 38,107

(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	Before tax	2023		
		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	1,001	-	1,001	
Subtotal	359	-	359	
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(4,797)	-	(4,797)	
Unrealized gains (losses) on valuation of debt investments at FVTOCI	51	-	51	
Subtotal	(4,746)	-	(4,746)	
Recognized other comprehensive income (loss)	(\$ 4,387)	\$ -	(\$ 4,387)	

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	(5,775)	-	(5,775)
Subtotal	(5,511)	-	(5,511)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	26,861		26,861
Unrealized gains (losses) on valuation of debt investments at FVTOCI	(2,808)	-	(2,808)
Subtotal	24,053	-	24,053
Recognized other comprehensive income (loss)	\$ 18,542	\$ -	\$ 18,542

6.29 Earnings per common share

	2023	2022
Basic earnings per share		
Net income attributable to shareholders of the parent (A)	\$ 62,896	\$ 114,583
Net income attributable to ordinary shareholders of the parent (B)	62,896	114,583
Weighted average number of shares outstanding 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)	<u>\$ 62,896</u>	<u>\$ 114,583</u>
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)	<u>\$ 0.58</u>	<u>\$ 1.04</u>

If the Group offered to settle the compensation or bonuses paid to employees in shares or cash at the Group's option, the Group 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			
			subsidiaries	Rate	Change in	
					New leases, change in leases and acquisition of subsidiaries	Exchange
Short-term borrowings	\$ 466,750	(\$ 20,000)	\$ -	\$ -	\$ -	\$ 446,750
Long-term borrowings (including current portion)	26,112	21,400	-	-	-	47,512
Lease liabilities	42,409	(13,959)	6,575	(354)	34,671	
Total liabilities arising from financing activities	<u>\$ 535,271</u>	<u>(\$ 12,559)</u>	<u>\$ 6,575</u>	<u>(\$ 354)</u>	<u>\$ 528,933</u>	

Item	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			New leases, and change in	Change in leases	Rate	
			and change in Exchange	—	—	
Short-term borrowings	\$ 500,750	(\$ 34,000)	\$ —	\$ —	\$ —	\$ 466,750
Long-term borrowings (including current portion)	45,205	(19,093)	—	—	—	26,112
Lease liabilities	60,736	(15,256)	(3,550)	479	—	42,409
Total liabilities arising from financing activities	\$ 606,691	(\$ 68,349)	(\$ 3,550)	\$ 479	\$ —	\$ 535,271

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
Sunny Invest Co., Ltd.	Other related parties
Solidlite Corporation	Other related parties
Huai I Precision Technology Co., Ltd.	Other related parties
Jfetek Technology Co., Ltd.	Other related parties

7.3 Significant transactions with related parties

All transactions and account balances among the Company and subsidiaries (that is, the related parties of the Company) had been eliminated, therefore, not disclosed in these notes. Transaction details between the Group and other related parties disclosed as follows:

(1) Operating revenue

Item	Related party category	2023	2022
Sales revenue	Other related parties	\$ 65	\$ 332

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

B. Payment terms: no significant difference compared to non-related customers.

(2) Purchases

Item	Related party category	2023	2022
Purchases	Other related parties	\$ 26	\$ 356

Note: Purchase terms (price, payment) are the same with those of non-related parties.

(3) Property transactions: None.

(4) Various income (including rental income)

Item	Related party category	2023		2022	
		Rental income	Other related parties	\$	\$

A. 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:

The leasing premises	2023		2022		
	Deposit	Lease term	Amount	Lease term	Amount
2F., No. 238, Bo'ai St., Shulin Dist., Taipei City	\$ 10	2023. 3. 15~2024. 3. 14	\$ 60	2022. 3. 15~2023. 3. 14	\$ 60

The Group leased out office space under operating lease to its associate, Sunny Invest Co., Ltd., with a 1-year lease term. As of December 31, 2023 and 2022, the total lease payments expected to be received in the future is \$12 thousand and \$12 thousand, respectively. The recorded lease income in 2023 and 2022 was \$60 thousand and \$60 thousand, respectively.

(5) Various expenses (including rental cost)

Item	Related party category/Name	2023		2022	
		Key management personnel	Amount	\$	559
Operating expense				\$	868

A. The above 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:

The leasing premises	2023		2022	
	Lease term	Amount	Lease term	Amount
3F., No. 74, Sec. 2, Changsha St., Wanhua Dist., Taipei City	2023. 1. 1~2023. 12. 31/\$15	\$ 183	2022. 1. 1~2022. 12. 31/\$18	\$ 211

The consolidated entity, LiMart Intelligent Retail Co., Ltd., leased an office from Jfetek Technology Co., Ltd. under an operation lease with a 1-year lease term. As of

December 31, 2023 and 2022, the total lease payments expected to be received in the future is \$0 thousand and \$0 thousand, respectively. The recorded lease expense in 2023 and 2022 was \$183 thousand and \$211 thousand, respectively.

(6) Accounts receivable from related parties and accounts payable to related parties

Item	Related party category/Name	December 31, 2023	December 31, 2022
Accounts receivable	Key management personnel	\$ -	\$ 350
Accounts payable	Key management personnel	\$ -	\$ 74
Other payables	Key management personnel	\$ 16	\$ 19

7.4 Key management compensation

Related party category / Name	2023	2022
Salaries and other short-term employee benefits	\$ 25,430	\$ 30,247
Post-employment benefits	10	10
Total	\$ 25,440	\$ 30,257

8. Pledged Assets

The Group'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 Group 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 goods sold and construction performed, the Group

received guarantee notes of \$13,517 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 by the Group as of December 31, 2023 and 2022.

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

10. Significant Disaster Losses:

2023 : None.

2022 : None.

The Group was affected by the global pandemic of Covid-19, which resulted in a relatively significant change in operating revenue in 2022. After assessment, the above pandemic did not have significant impact on the Group'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 Group conducts capital risk management in order to ensure the continuity of the Group, maintain an optimal capital structure for reducing capital cost, and provide returns to the shareholders.

12.2 Financial instruments

(1) Financial risks associated with financial instruments

Financial risk management policies

The Group'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 Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Group's financial position and financial performance.

The Group's material financial activities are approved by the Board of Directors

in accordance with relevant requirements and internal control mechanism, which requires the Group 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. Foreign exchange risk

(a) The Group 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 Group hedges its foreign exchange risk exposure by using foreign currency borrowings.

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

(b) Sensitivity analysis of foreign currency risk

December 31, 2023

			Book Value	Sensitivity Analysis		
	Foreign Currency	Exchange Rate	(NTD)	Movement	Impact on Profit or Loss	Impact on Equity
Financial assets						
Monetary items						
USD: NTD	\$ 23,465	30.66	\$ 719,432	1%	\$ 5,755	\$ -
RMB: NTD	97	4.30	417	1%	3	-
USD: RMB	95	7.1302	2,909	1%	23	-
Non-Monetary items						
USD: NTD	1,924	30.66	58,977	1%	-	472
RMB: NTD	11,357	4.30	48,836	1%	-	391

Financial liabilities							
<u>Monetary items</u>							
USD: NTD	189	30.66	5,789	1%	46		-
RMB: NTD	1,670	4.30	7,182	1%	57		-
December 31, 2022							
			Book Value		Sensitivity Analysis		
	Foreign Currency	Exchange Rate	(NTD)	Movement	Impact on Profit or Loss	Impact on Equity	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD: NTD	\$ 27,481	30.73	\$ 844,494	1%	\$ 6,756	\$	-
RMB: NTD	5	4.42	22	1%	-	-	-
USD: RMB	149	6.9525	4,588	1%	37		-
<u>Non-Monetary items</u>							
USD: NTD	1,993	30.73	61,249	1%	-	490	
RMB: NTD	11,403	4.42	50,400	1%	-	403	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD: NTD	374	30.73	11,500	1%	92		-
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 Group:
None major influence under assessment.

b. Price risk

The Group is exposed to the price risk associated with the equity investments held by the Group. These investments are classified either as financial assets at FVTPL or as financial assets at FVTOCI in Balance Sheets.

The Group 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 net income and after-tax other comprehensive income, due to increase or decrease in fair value of financial assets measured at FVTPL and

financial assets measured at FVTOCI, would increase (decrease) by \$245 thousand, \$423 thousand and \$991 thousand, \$881 thousand, respectively.

c. Interest rate risk

(a) The Group's interest rate risk is mainly 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 are as follows:

Item	Carrying Amounts	
	December 31, 2023	December 31, 2022
Fair value interest rate risk:		
Financial assets	\$ 484,418	\$ 542,384
Financial liabilities	(282,371)	(224,000)
Net amount	\$ 202,047	\$ 318,384
Cash flow interest rate risk		
Financial assets	\$ 431,644	\$ 367,729
Financial liabilities	(211,891)	(268,862)
Net amount	\$ 219,753	\$ 98,867

(b) Sensitivity analysis for instruments with fair value interest rate risk:

The Group's holding of financial assets with fixed interest rates exposes the Group 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, primarily due to the changes in fair value of fixed-rate bond investments, which are classified as financial assets measured at fair value through other comprehensive income, as a result of the changes in fair value of bond investments due to changes in market interest rates.

(c) Sensitivity analysis for instruments with cash flow interest rate risk:

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate, affecting the Group's future cash flows. If the market interest rate increases (decreases) by 1%, the Group's net income will increase (decrease) by \$1,758 thousand and \$791 thousand for 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 Group 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 Group 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 Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified. The Group 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 67.99% and 57.14%, respectively. The credit concentration risk associated with other accounts receivable is insignificant.

(b) Measurement of expected credit losses

Accounts receivable: The Group uses the simplified approach to measure the expected credit losses of accounts receivable. Please refer to Note 6.4 for more information.

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

(c) Collaterals held by the Group contains no security and other credit enhancements to mitigate the credit risk associated with financial assets.

(d) Credit risk grading information on the debt investments cost and at FVTOCI held by the Group 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 indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery, for example contractual payments are more than 365 days past due.	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. Liquidity risk management

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

b. Maturity analysis for financial liabilities:

December 31, 2023

Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term borrowings	\$ 197,473	\$ 251,763	\$ -	\$ -	\$ -	\$ 449,236	\$ 446,750
Notes payable	103	-	-	-	-	103	103
Accounts payable (including related parties)	61,990	118	71	422	414	63,015	63,015
Other payables including related parties)	72,514	638	-	999	-	74,151	74,151
Long-term borrowings (including those due within one year or one business cycle)	11,559	11,554	22,746	2,554	-	48,413	47,512
Guarantee deposits received	3,350	1,606	1,922	1,210	10	8,098	8,098
Total	\$ 346,989	\$ 265,679	\$ 24,739	\$ 5,185	\$ 424	\$ 643,016	\$ 639,629

Further information on maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Total undiscounted lease payments	
						More than 20 years	undiscounted lease payments
Lease liabilities	\$ 13,201	\$ 22,395	\$ -	\$ -	\$ -	\$ -	\$ 35,596
December 31, 2022							
Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term borrowings	\$ 468,929	\$ -	\$ -	\$ -	\$ -	\$ 468,929	\$ 466,750
Notes payable	107	-	-	-	-	107	107
Accounts payable (including related parties)	70,595	3,373	2,444	1,804	379	78,595	78,595
Other payables (including related parties)	77,428	785	131	1,167	-	79,511	79,511
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	-	4,327	-	-	-	4,327	4,327
Total	\$ 622,977	\$ 14,409	\$ 14,424	\$ 5,933	\$ 379	\$ 658,122	\$ 655,402

Further information on maturity analysis for lease liabilities:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Total undiscounted lease payments	
						More than 20 years	undiscounted lease payments
Lease liabilities	\$ 13,387	\$ 30,499	\$ -	\$ -	\$ -	\$ -	\$ 43,886

The Group 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:

	December 31, 2023	December 31, 2022
Financial Assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 666,722	\$ 726,531
Notes receivable and accounts receivable (including related parties)	287,892	292,796
Other receivables	9,250	4,252
Other financial assets (including noncurrent ones)	238,082	184,380
Refundable deposits	43,128	37,347
Financial assets at FVTPL—current	46,100	42,286
Financial assets at FVTOCI—noncurrent	111,338	99,957
 Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	446,750	466,750
Notes payable and accounts payable (including related parties)	63,118	78,702
Other payable (including related parties)	74,151	79,511
Guaranteed deposits received	8,098	4,327
Long-term borrowing, including current portion	47,512	26,112

12.3 Fair value information

(1) Details of the fair values of the Group'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 Group's investment in listed stocks and beneficiary certificates with quoted market prices are included in this level.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in conditional certificate of deposit is included in this level.

Level 3

Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted equity instrument is included in this level.

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

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivable, other financial assets, guaranteed deposits paid, short-term borrowing, notes payable, accounts payable, other payable 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 Group'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	\$90,391	\$111,338
Financial assets at FVTPL	24,538	21,562	-	46,100
Total	\$24,538	\$42,509	\$90,391	\$157,438

Item	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	\$ -	\$14,705	\$85,252	\$99,957
Financial assets at FVTPL	42,286	-	-	42,286
Total	\$42,286	\$14,705	\$85,252	\$142,243

(5) The methods and assumptions the Group used to measure fair values are as follows:

A. The Group 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 Group uses market quoted prices as their fair values are listed below by characteristics:

- (A) Listed shares: Closing price
- (B) Open-end funds: Net asset 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 Group'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	\$ 85, 252
Gains or losses recognized in profit or loss	–
Gains or losses recognized in other comprehensive income	(4, 861)
Acquired during the period	10, 000
Disposed of during the period	–
Transferred into level 3	–
Transferred out of level 3	–
December 31, 2023	<u>\$ 90, 391</u>

Financial assets at fair value	Equity securities
January 1, 2022	\$ 87, 773
Gains or losses recognized in profit or loss	–
Gains or losses recognized in other comprehensive income	(2, 521)
Acquired during the period	–
Disposed of during the period	–
Transferred into level 3	–
Transferred out of level 3	–
December 31, 2022	<u>\$ 85, 252</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 \$ 90, 391	Market approach	Price-book multiplier Liquidity discount	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	\$ 85,252	Market approach	Price-book multiplier Liquidity discount	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 Group'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 Group'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 has carefully evaluated the valuation models and valuation parameters that it has chosen to adopt, and therefore the fair value measurements are reasonable. However, when using 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 parameter changes by 3% basis points, the impacts on the current period's profit or loss or other comprehensive profit or loss are 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%	\$ -	\$ -	\$ 3,284	\$ 3,284	
	Control 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%	\$ -	\$ -	\$ 2,886	\$ 2,886	
	Control discount						

12.4 The Group 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 Group 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 Group had filed a civil lawsuit with the Taichung District Court on August 20, 2018. The Group 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.
- (10) The business relationship between the parent and the subsidiaries and significant transactions between them: Table 4.

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

Table 5.

13.3 Information on investment in mainland China: Table 6.

13.4 Information on major shareholders (Names of shareholders, amount and percentage of shareholding with 5% or more shareholding): Table 7.

Table 1

No. (A)	Lender	Borrower	General ledger account	Related party	Loans to others								In thousands of NTD and thousands of RMB			
					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	Recognized loss allowance	Collateral			
													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 regarding 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.

G: 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. and Subsidiaries

Endorsements and guarantees provided

December 31, 2023

In thousands of NTD

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

Table 3

Ligitek Electronics Co., Ltd. and Subsidiaries
 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/units	Book value	Ownership (%)	Fair value	
Ligitek Electronics Co., Ltd.	Stocks- nonpublic	—	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	
	Huai I Precision Technology Co., Ltd.	Other related parties	Financial assets measured at FVTOCI	—	12, 254	—	12, 254	
O.H. Technology Co., Ltd.	Overseas corporate bonds TAISEM	—	Financial assets measured at FVTOCI	30, 000	2, 526	—	2, 526	
	Channel Well Technology Co., Ltd.	—	Financial assets measured at FVTPL - current	100, 000	5, 380	—	5, 380	
	Acce Incorporated	—	Financial assets measured at FVTPL - current	20, 000	3, 940	—	3, 940	
	E Ink Holdings Inc.	—	Financial assets measured at FVTPL - current	30, 000	1, 404	—	1, 404	
	Shanghai Commercial and Savings Bank	—	Financial assets measured at FVTPL - current	1, 000, 000	10, 000	—	10, 000	
	Yuanta Japan Leaders Equity Fund -TWD(A)	—	Financial assets measured at FVTPL - current	4, 984, 35	1, 288	—	1, 288	
	Taishin ESG Emerging Markets Debt (A) -USD	—	Financial assets measured at FVTPL - current	1, 000, 000	8, 456	2. 34	8, 456	
Ligitrust Co., Ltd.	Nccu Star Venture Capital Co., Ltd.	—	Financial assets measured at FVTOCI	500, 000	9, 640	1. 371	9, 640	
Guangzhou Panyu Lapling	Jixin Legal Person Fixed Income By Days Category Open Products	—	Financial assets measured at FVTPL - current	1, 241, 520. 32	16, 056	—	16, 056	
Electronics Co., Ltd.	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 by the special shareholders' meeting on November 24, 2023 due to operational difficulties, and the liquidation process has not been completed as of December 31, 2023.

Table 4

Ligitek Electronics Co., Ltd. and Subsidiaries
The business relationship between the parent and the subsidiaries and significant transactions between them

December 31, 2023

In thousands of NTD

Number (A)	Company name	Counter-party	Nature of relationships (B)	Transaction details			
				Account	Amount	Transaction terms	% to Total consolidated revenue or assets
0	Ligitek Electronics Co., Ltd.	O.H. Technology Co., Ltd.	Parent to subsidiary	Sales revenue Account receivable Rental income	\$ 133 68 504	90 days after monthly closing	0.02% — 0.06%
0	Ligitek Electronics Co., Ltd.	Guangzhou Pan Yu Lapling Electronics Co., Ltd.	Parent to subsidiary	Sales revenue Account receivable	25,081 1,909	No material difference with non-related parties	3.20% 0.09%
1	Ligitrust Co., Ltd.	Ligitek Electronics Co., Ltd.	Subsidiary to parent	Refundable deposit Other income	10 3,000	—	— 0.38%
2	O.H. Technology Co., Ltd.	Ligitek Electronics Co., Ltd.	Subsidiary to parent	Sales revenue Account receivable	3,337 1,197	No material difference with non-related parties; 90 days after monthly closing	0.43% 0.06%
3	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	Ligitek Electronics Co., Ltd.	Subsidiary to parent	Sales revenue Account receivable Other receivables	36,204 6,199 816	Direct materials + direct labor + manufacturing overhead /115% Independent bargain for particular transactions.	4.62% 0.30% 0.04%
3	O.H. Opto-Electronics (Dong Guan) Co., Ltd.	O.H. Technology Co., Ltd.	Subsidiary to parent	Sales revenue Account receivable	50,674 2,729	Around 90% of generally transaction	6.47% 0.13%

A: Information on business contact between parent company and its subsidiaries is referred to column "Number":

- (1) 0 for parent company.
- (2) Subsidiaries are sequentially numbered by their parent.

B: Categories of nature of relationships:

- (1) Parent to its subsidiary
- (2) Subsidiary to its parent
- (3) Subsidiary to subsidiary

C: Regarding the portion of transaction amount in total consolidated revenue or assets, accounts at Balance Sheet will be calculated according to total consolidated assets, while accounts at Statements of Comprehensive Income will be calculated according to total consolidated revenue.

D: The Company may decide if major transactions are listed or not according to materiality.

Table 5

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

Unit: NTD thousand/USD thousand/HKD thousand

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	Laplinc Ltd.	Room 20, 5 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.	Room 20, 5 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.	5F, 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.	3F, No. 238, Bo'ai St., Shulin Dist., New Taipei City , Taiwan, R.O.C.	Production and sale of various electronic components	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)
Ligitrust CO., LTD	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 on May 2, 2023.

Table 6

Ligitek Electronics Co., Ltd. and Subsidiaries

Information on investment in mainland China

December 31, 2023

Unit: 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. (2008.8.29 revised)

E: Inclusive of accumulated outflow and amount submit for approval of Ligitek Electronics Co., Ltd., O.H. Technology Co., Ltd. and Ligitrust 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 consolidated 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 consolidated company are all eliminate from consolidated 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" for information on significant transactions with Investee in Mainland China through third region.

Table 7

Ligitek Electronics Co., Ltd. and Subsidiaries
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

14.1 Financial information of the segments

(1) 2023

Item	LED First	LED Second	Other Unit	Adjustment	Total
	Business Unit	Business Unit		&elimination	
Operating income					
Income from external customer	\$ 647,236	\$ 84,906	\$ 50,915	\$ -	\$ 783,057
Interdepartmental income	25,214	40,805	1,854	(67,873)	-
Total income	\$ 672,450	\$ 125,711	\$ 52,769	(\$ 67,873)	\$ 783,057
Interest income	26,661	375	3,515	(40)	30,511
Interest expense	8,991	225	47	(40)	9,223
Depreciation and amortization	42,317	9,585	3,421	-	55,323
Investment (profit) lost account for using equity method	22,389	27	-	(22,416)	-
Profit and loss of the segment	\$ 73,387	\$ 28,061	(\$ 4,548)	(\$ 22,586)	\$ 74,314
Assets					
Long-term investment of shares account for using equity method	346,000	10,331	-	(356,331)	-
Expense of noncurrent assets	10,622	408	357	-	11,387
Assets of the segment	\$ 1,695,037	\$ 221,982	\$ 175,596	(\$ 4,398)	\$ 2,088,217
Liability					
Liability of the segment	\$ 667,660	\$ 35,994	\$ 19,906	(\$ 11,489)	\$ 712,071

(2) 2022

Item	LED First	LED Second	Other Unit	Adjustment	Total
	Business Unit	Business Unit		&elimination	
Operating income					
Income from external customer	\$ 695,617	\$ 107,133	\$ 39,615	\$ -	\$ 842,365
Interdepartmental income	25,778	98,658	1,928	(126,364)	-
Total income	\$ 721,395	\$ 205,791	\$ 41,543	(\$ 126,364)	\$ 842,365
Interest income	9,224	143	2,188	(329)	11,226
Interest cost	7,654	713	40	(330)	8,077
Depreciation and amortization	42,514	11,645	4,082	-	58,241
Investment (profit) lost account for using equity method	(7,722)	(1,773)	-	9,495	-
Profit and loss of the segment	\$ 146,106	\$ 770	(\$ 11,855)	\$ 10,022	\$ 145,043
Assets					
Long-term investment of shares account for using equity method	325,543	10,058	-	(335,601)	-
Expense of noncurrent assets	16,795	7,270	483	-	24,548
Assets of the segment	\$ 1,816,112	\$ 220,458	\$ 174,213	(\$ 23,265)	\$ 2,187,518
Liability					
Liability of the segment	\$ 695,888	\$ 55,080	\$ 17,208	(\$ 30,528)	\$ 737,648

(3) The consolidated company owns two reportable segments: First LED Business Unit and Second LED Business Unit.

Main operating business

LED First Business Unit—manufacture and sales of various electronic components (LEDs & monitors) alongside the distribution, bidding, import and export business on related product as well as raw materials
 LED Second Unit — Toys-related (excluding computer games) hardware plastic, electronic component, printed circuit board, flexible printed circuit, diaphragm switch, integrate circuit, electronic clock, electronic watch, calculator, floppy disc, LED monitor along with others.

(4) Basis of main reportable segment of the Group:

Separate management teams provide different product and service with the basis of strategic business unit. Considering every strategic

business unit is in need of different technic and marketing strategies, each unit is managed and reported to operating decision makers separately.

(5) Loss (profit) of tax and other unusual profit or loss are not allocated to reportable segments. Furthermore, not all of profit or loss of reportable segments contain major non-cash factor except for depreciation and amortization. Amounts reported are identical to those reported to operating decision makers.

Accounting policies of segments are identical to afforested significant accounting policies.

(6) Segment performance is evaluated based on measurement of profit or loss before tax, exclusive of unusual profit or loss and exchange gains and losses. Sales and transfers within segments are recognized as transactions with third parties and evaluated by current market price.

14.2 Geographical information

	In thousands of NTD			
	Sales from external customers		Noncurrent assets	
	2023	2022	2023	2022
Taiwan	\$ 385,607	\$ 352,895	\$ 536,090	\$ 571,172
US	44,510	28,794	–	–
Europe	77,629	97,406	–	–
Asia	272,618	359,852	15,403	15,979
Others	2,693	3,418	–	–
Total	<u>\$ 783,057</u>	<u>\$ 842,365</u>	<u>\$ 551,493</u>	<u>\$ 587,151</u>

14.3 Product information

Product	In thousands of NTD	
	2023	2022
LED modules	\$ 441,852	\$ 500,123
Semiconductor-related products	98,189	119,655
Other products	243,016	222,587
Total	<u>\$ 783,057</u>	<u>\$ 842,365</u>

14.4 Major customer information

Single customer that accounted for more than 10 percent of consolidated net operating revenues: None.