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**HOWTEH TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

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The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Parent company only financial statements  
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## **Independent Auditors' Report Translated from Chinese**

To the Board of Directors and Shareholders of **HOWTEH TECHNOLOGY CO., LTD.**

### **Opinion**

We have audited the accompanying parent company only balance sheets of HOWTEH TECHNOLOGY CO., LTD. (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Revenue recognition

The Company recognized a net operating revenue of NT\$2,222,504 thousand in the year of 2023. Due to the diversity of the Company's products, the sales of domestic and foreign markets, and the different trading conditions, we believe that it is important to decide the performance obligation and the timing of the fulfillment of which. Thus, we conclude that revenue recognition is a key audit matter.

Our audit procedure include but not limited to, assessing the appropriateness of accounting policies for revenue recognition, understanding and testing the design and implementation of internal controls related to the sales cycle; selecting samples to perform transaction detail tests, inspecting the transaction records and check the important terms in the order or contract, identifying the performance obligation of the order or contract and confirming the time point of satisfaction; performance cut-off tests for a period of time around the end of the year, including obtaining the customer's original order or contract, inspecting the trading conditions and checking the relevant vouchers to verify the correctness of the transaction recognition point and confirming that the performance obligation has been satisfied; performing analytical procedures such as analysis of gross margin fluctuation and sales changes of the top 10 customers, and inspecting the significant sales returns and discounts if any subsequent to the balance sheet date to confirm the reasonableness of the timing of revenue recognition.

We have also evaluates the appropriateness of the related disclosure in notes 4 and 6 to the parent company only financial statements.

## 2. Valuation of inventories

As of December 31, 2023, the Company's net inventories amounted to NT\$172,563 thousand, which accounted for approximately 7% of the total assets, Considering that products technology and market changes has significant impact on inventory turnover and selling prices, that the management's assessment of the net realizable value of inventory is important to the financial statements. Thus, we conclude that inventory valuation is a key audit matter.

Our audit procedures include, but not limited to, performing analytical procedures such as days of inventory turnover to assess the reasonableness of inventory valuation accounting policies (including provisions for slow-moving and obsolete inventory and net realizable value of inventory); selecting inventory samples from different inventory aging buckets, verifying transaction vouchers and comparing transaction records to confirm the accuracy of inventory aging; selecting samples with large amounts and considering the recent market prices to assess the reasonableness of the net realizable value of the inventory adopted by management.

We have also evaluates the appropriateness of the related disclosure in notes 4, 5 and 6 to the parent company only financial statements.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsuan-Hsuan Wang

Chih-Ming Chang

Ernst & Young, Taiwan

March 14, 2024

**Notice to Readers**

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HOWTEH TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

CODE	ASSETS	NOTES	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents	4,6,12	\$323,799	13	\$568,450	20
1150	Notes receivable, net	4,5,6,12	414	-	1,372	-
1170	Accounts receivable, net	4,5,6,12	685,609	28	740,318	26
1180	Accounts receivable due from related parties, net	4,5,6,7,12	31,692	2	32,313	1
1200	Other receivables	5,12	5	-	25	-
1220	Current tax assets	4,5,6	2,317	-	-	-
130x	Current inventories	4,5,6	172,563	7	285,636	10
1410	Prepayments	6	5,130	-	116,121	4
11xx	Total current assets		<u>1,221,529</u>	<u>50</u>	<u>1,744,235</u>	<u>61</u>
	<b>NON-CURRENT ASSETS</b>					
1517	Non-current financial assets at fair value through other comprehensive income	4,6,12	298,908	12	227,186	8
1550	Investment accounted for using equity method	4,6,12	730,716	30	706,810	25
1600	Property, plant and equipment	4,6,8	103,461	5	103,874	4
1755	Right-of-use assets	4,6	8,289	-	558	-
1760	Investment property, net	4,5,6,12	8,548	-	8,660	-
1780	Intangible assets	4,6	840	-	528	-
1840	Deferred tax assets	4,5,6	13,521	1	13,526	-
1920	Guarantee deposits paid	9,12	52,553	2	50,660	2
1990	Other non-current assets, others	4,5,6	8,840	-	8,498	-
15xx	Total non-current assets		<u>1,225,676</u>	<u>50</u>	<u>1,120,300</u>	<u>39</u>
1xxx	<b>TOTAL ASSETS</b>		<u><u>\$2,447,205</u></u>	<u><u>100</u></u>	<u><u>\$2,864,535</u></u>	<u><u>100</u></u>

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



HOWTEH TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

CODE	LIABILITIES AND EQUITY	NOTES	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>CURRENT LIABILITIES</b>					
2100	Current borrowings	4,6,8,9,12	\$590,000	24	\$903,000	32
2130	Current contract liabilities	4,6	175	-	106,880	4
2170	Accounts payable	12	192,762	8	242,225	8
2180	Accounts payable to related parties	7,12	23,434	1	30,611	1
2200	Other payables	7,12	76,240	3	71,028	3
2230	Current tax liabilities	4,5,6	725	-	40,996	1
2280	Current lease liabilities	4,6,12	3,922	-	565	-
2399	Other current liabilities, others		1,936	-	1,441	-
21xx	Total current liabilities		<u>889,194</u>	<u>36</u>	<u>1,396,746</u>	<u>49</u>
	<b>NON-CURRENT LIABILITIES</b>					
2570	Deferred tax liabilities	4,5,6	3,409	-	3,267	-
2580	Non-current lease liabilities	4,6,12	4,424	-	-	-
2645	Guarantee deposits received	12	3,309	-	3,309	-
25xx	Total non-current liabilities		<u>11,142</u>	<u>-</u>	<u>6,576</u>	<u>-</u>
2xxx	<b>TOTAL LIABILITIES</b>		<u>900,336</u>	<u>36</u>	<u>1,403,322</u>	<u>49</u>
	<b>EQUITY</b>					
31xx						
3100	Share capital	6				
3110	Common stock		651,298	28	626,248	22
3200	Capital surplus	6	52,062	2	52,062	2
3300	Retained earnings	6				
3310	Legal reserve		225,647	9	204,597	7
3320	Special reserve		3,340	-	3,340	-
3350	Unappropriated retained earnings		400,655	16	427,121	15
3400	Other equity interest	4,6	213,867	9	147,845	5
3xxx	<b>TOTAL EQUITY</b>		<u>1,546,869</u>	<u>64</u>	<u>1,461,213</u>	<u>51</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$2,447,205</u>	<u>100</u>	<u>\$2,864,535</u>	<u>100</u>

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

HOWTEH TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE	ITEMS	NOTES	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	4,6,7	\$2,222,054	100	\$2,554,446	100
5000	Operating costs	6,7	(2,014,446)	(91)	(2,306,696)	(90)
5900	Gross profit		207,608	9	247,750	10
6000	Operating expenses					
6100	Selling expenses		(79,187)	(3)	(83,704)	(3)
6200	Administrative expenses		(56,270)	(2)	(67,194)	(3)
6450	Reversal of credit loss (expected credit loss)		5,483	-	(11,354)	-
	Total operating expenses	4,5,6,7	(129,974)	(5)	(162,252)	(6)
6900	Operating income		77,634	4	85,498	4
7000	Non-operating income and expenses					
7100	Interest income	6	6,658	-	2,806	-
7010	Other income	4,5,6	14,499	1	18,693	1
7020	Other gains and losses	6,12	7,669	-	113,430	4
7050	Finance costs	4,6	(13,261)	-	(13,297)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	4,6	29,606	1	41,262	2
	Total non-operating income and expense		45,171	2	162,894	6
7900	Income before income tax		122,805	6	248,392	10
7950	Income tax expense	4,5,6	(22,033)	(1)	(39,593)	(2)
8200	Net income		100,772	5	208,799	8
8300	Other comprehensive income (loss)	4,6				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		342	-	2,131	-
8316	Unrealize gain (loss) on equity instrument at fair value through other comprehensive income		71,722	3	46,846	2
8349	Income tax expense related to items that will not be reclassified subsequently		(68)	-	(426)	-
8360	Items that may be reclassified subsequently to profit or loss					
8381	Exchange differences arising on translation of foreign operations		(5,700)	-	46,103	2
	Total other comprehensive income, net of income tax		66,296	3	94,654	4
8500	Total comprehensive income		\$167,068	8	\$303,453	12
9750	Basic earnings per share (in NTD)	6	\$1.55		\$3.21	
9850	Diluted earnings per share (in NTD)	6	\$1.54		\$3.19	

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

HOWTEH TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Items	Common Stock	Capital Surplus	Retained Earnings			Other Components of equity		Total equity
				Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange differences arising on translation of foreign operations	Unrealized gains/losses on financial assets at fair value through other comprehensive income	
Code		3100	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance, January 1, 2022	\$590,800	\$52,062	\$190,269	\$3,340	\$319,565	\$(53,437)	\$108,333	\$1,210,932
	Appropriation of 2021 earnings:								
B1	Legal reserve	-	-	14,328	-	(14,328)	-	-	-
B5	Cash dividends	-	-	-	-	(53,172)	-	-	(53,172)
B9	Stock dividends	35,448	-	-	-	(35,448)	-	-	-
D1	Net income for the year	-	-	-	-	208,799	-	-	208,799
D3	Other comprehensive income for the year	-	-	-	-	1,705	46,103	46,846	94,654
D5	Total comprehensive income for the year	-	-	-	-	210,504	46,103	46,846	303,453
Z1	Balance, December 31, 2022	<u>\$626,248</u>	<u>\$52,062</u>	<u>\$204,597</u>	<u>\$3,340</u>	<u>\$427,121</u>	<u>\$(7,334)</u>	<u>\$155,179</u>	<u>\$1,461,213</u>
A1	Balance, January 1, 2023	\$626,248	\$52,062	\$204,597	\$3,340	\$427,121	\$(7,334)	\$155,179	\$1,461,213
	Appropriation of 2022 earnings:								
B1	Legal reserve	-	-	21,050	-	(21,050)	-	-	-
B5	Cash dividends	-	-	-	-	(81,412)	-	-	(81,412)
B9	Stock dividends	25,050	-	-	-	(25,050)	-	-	-
D1	Net income for the year	-	-	-	-	100,772	-	-	100,772
D3	Other comprehensive income (loss) for the year	-	-	-	-	274	(5,700)	71,722	66,296
D5	Total comprehensive income (loss) for the year	-	-	-	-	101,046	(5,700)	71,722	167,068
Z1	Balance, December 31, 2023	<u>\$651,298</u>	<u>\$52,062</u>	<u>\$225,647</u>	<u>\$3,340</u>	<u>\$400,655</u>	<u>\$(13,034)</u>	<u>\$226,901</u>	<u>\$1,546,869</u>

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

HOWTEH TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

Code		2023	2022	Code		2023	2022
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:			BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
A10000	Income before income tax	\$122,805	\$248,392	B02700	Acquisition of property, plant and equipment	(677)	(439)
A20000	Adjustments to reconcile net loss before tax to net			B03700	Refundable deposits	(1,893)	(4,545)
A20010	Profit or loss not effecting cash flows:			B04500	Acquisition of intangible assets	(555)	-
A20100	Depreciation expense	4,578	3,443	B07600	Dividends received	9,950	7,462
A20200	Amortization expense	243	215	BBBB	Net cash generated from investing activities	6,825	2,478
A20300	Expected credit loss (reversal of credit loss)	(5,483)	11,354				
A20900	Interest expense	13,261	13,297	CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
A21200	Interest income	(6,658)	(2,806)	C00100	Increase in short-term loan	3,142,000	4,752,000
A21300	Dividend income	(9,950)	(7,462)	C00200	Decrease in short-term loan	(3,455,000)	(4,879,000)
A22400	Share of loss/profit of subsidiaries, associates and joint ventures accounted for using equity method	(29,606)	(41,262)	C00500	Increase in short-term notes and bills payable	50,000	100,000
A30000	Changes in operating assets and liabilities:			C00600	Decrease in short-term notes and bills payable	(50,000)	(130,000)
A31130	Decrease (increase) in notes receivable	958	(1,071)	C04020	Payment of the principal portion of lease liabilities	(3,466)	(2,306)
A31150	Decrease (increase) in accounts receivable	60,192	171,084	C04500	Cash dividends paid	(81,412)	(53,172)
A31160	Decrease (increase) in accounts receivables from related parties	621	(8,066)	C05600	Interest paid	(13,121)	(13,276)
A31180	Decrease (increase) in other receivables	20	4,383	CCCC	Net cash used in by financing activities	(410,999)	(225,754)
A31200	Decrease (increase) in inventories	113,073	130,459	DDDD	Effect of exchange rate changes on cash and cash equivalents	-	-
A31230	Decrease (increase) in prepayments	110,991	(33,874)	EEEE	Net (decrease) increase in cash and cash equivalents	(244,651)	173,546
A32125	Increase (decrease) in contract liabilities	(106,705)	12,849	E00100	Cash and cash equivalents at beginning of period	568,450	394,904
A32150	Increase (decrease) in accounts payable	(49,463)	(92,706)	E00200	Cash and cash equivalents at end of period	\$323,799	\$568,450
A32160	Increase (decrease) in accounts payable to related parties	(7,177)	(16,945)				
A32180	Increase (decrease) in other payables	5,212	8,011				
A32230	Increase (decrease) in other current liabilities	495	(237)				
A33000	Cash from operating activities	217,407	399,058				
A33100	Interest received	6,658	2,806				
A33500	Income tax paid	(64,542)	(5,042)				
AAAA	Net cash generated from operating activities	159,523	396,822				

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

HOWTEH TECHNOLOGY CO., LTD  
NOTES TO PARENT COMPANY ONLY FAINANCIAL STATEMENTS  
For the Years Ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. History and organization

Howteh Technology Co., Ltd. (referred to “the Company”) which was formally known as Howteh Enterprise Co., Ltd, has applied to change its name to Howteh Technology Co., Ltd. In December 28, 2000, and was incorporated in September 23, 1978. The Company is engaged mainly in trading and agency business in passive electronic components, active electronic components, integrated circuit carrier board equipment, chemicals and raw materials, semiconductors and optical equipment. The Company’s common shares were publicly listed on the Taipei Exchange (TPEX) on March 25, 2004. The Company’s registered office and the main business location is at 6F, No. 25, Section 1, Dunhua South Road, Taipei City, Republic of China (R.O.C.).

2. The authorization of financial statements

The parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3. Application of New Standards, Amendments and Interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2024
b	Leases Liability in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants - Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS	January 1, 2024

(a) Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Leases Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve month after the reporting period do not affect the classification of debts as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Company assesses all standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

New, Revised or Amended Standards and Interpretations		Effective Date issued by IASB
a	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability - Amendments to IAS 21	January 1, 2025

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2022. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1 , 2023 (from the original effective date of January 1 , 2022); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability - Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4. Summary of significant account policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in New Taiwan Dollar, which is the parent company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange. Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.



All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise except for the following:

- (A) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (B) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (C) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (4) Translation of financial statements in foreign currency

Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of foreign operations are translated into New Taiwan dollars at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill generated due to acquisition of foreign operation by the company and fair value adjustments made towards the carrying value of foreign operations' assets and liabilities, are

regarded as the assets and liabilities which belongs to the foreign operation and is reported in its own functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (A) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (B) The Company holds the asset primarily for the purpose of trading.
- (C) The Company expects to realize the asset within twelve months after the reporting period.
- (D) The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when:

- (A) The Company expects to settle the liability in its normal operating cycle.
- (B) The Company holds the liability primarily for the purpose of trading.
- (C) The liability is due to be settled within twelve months after the reporting period.
- (D) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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. All other liabilities are classified as non-current.

(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 fixed-term deposits that have maturities equal to or less than one year from the date of acquisition).

(7) Financial instruments

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

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus,

in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) The Company's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial

assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

#### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (I) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (II) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair

value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

(B) Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a

financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### (E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### (8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (A) In the principal market for the asset or liability, or
- (B) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants

in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### (9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

#### (10) Investments accounted for under the equity method / subsidiaries and associates

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 "Consolidated Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. Joint venture means that the Company has a right to the net assets of the joint agreement (with joint controllers).

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability



is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (A) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (B) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment

separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

#### (11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	60 years
Office equipment	3 years
Right-of-use asset	2～3 years
Other equipment	3 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The asset’s residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

## (12) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Company that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	60 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

## (13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (A) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- (B) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

#### Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the implicit interest rate in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (A) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (B) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- (C) Amounts expected to be payable by the lessee under residual value guarantees
- (D) The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (E) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease

payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (A) The amount of the initial measurement of the lease liability;
- (B) Any lease payments made at or before the commencement date, less any lease incentives received;
- (C) Any initial direct costs incurred by the lessee; and
- (D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an

amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

#### (14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or Acquired	Acquired

#### (15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies for the Company's types of revenue are explained as follow:

### Sale of goods

The Company sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is electronic components and equipments and revenue is recognized based on the consideration stated in the contract or the order.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has received part of the consideration before transferring the goods to customers. Therefore, the Company has to undertake the obligation of transferring the goods afterwards, these contracts should be presented as contract liabilities.

### (17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution



is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (A) the date of the plan amendment or curtailment, and
- (B) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

#### (19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

##### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

##### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (A) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of

the transaction, affects neither the accounting profit nor taxable profit or loss;

- (B) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (A) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- (B) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules” introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 5. Significant accounting Judgments estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### (1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### (A) Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment.

#### (B) Operating lease commitment — Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

### (2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (A) Accounts receivables - estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(B) Inventory valuation

As inventories are valued at the lower of cost and net realization value, the Company must use judgment and estimation to determine the net realization value of inventory at the balance sheet date. Due to rapid technological change, the Company evaluates the amount of inventory at the balance sheet date due to normal wear and tear, obsolescence or no market value and writes the cost of inventory to net realized value. This inventory evaluation is mainly based on the estimated product demand for a specific period in the future and is subject to material changes.

(C) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. The detailed illustrations of assumptions used to determine the cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans, are further explained in Note 6.

(D) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

## 6. Contents of significant accounts

### (1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$110	\$255
Demand deposits	323,689	568,195
Total	<u>\$323,799</u>	<u>\$568,450</u>

### (2) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed companies' stocks	<u>\$298,908</u>	<u>\$227,186</u>

The financial assets at fair value through other comprehensive income were not pledged.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the periods ended 31 December 2023 and 2022 are as follow:

	For the year ended December 31	
	2023	2022
Dividend income related to investments held at the end of the reporting period	<u>\$9,950</u>	<u>\$7,462</u>

### (3) Notes receivables

	December 31, 2023	December 31, 2022
Notes receivables arising from operating activities	\$414	\$1,372
Less: loss allowance	-	-
Total	<u>\$414</u>	<u>\$1,372</u>

Notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(15) for more details on loss allowance and Note 12 for details on credit risk.

(4) Accounts receivable-related parties

	December 31, 2023	December 31, 2022
Accounts Receivables	\$699,895	\$760,087
Less: loss allowance	(14,286)	(19,769)
Net of allowances	685,609	740,318
Accounts Receivables-related parties	31,692	32,313
Less: loss allowance	-	-
Net of allowances	31,692	32,313
Total	<u>\$717,301</u>	<u>\$772,631</u>

Accounts receivables were not pledged.

Accounts receivable are generally on 30 to 120 days terms. The total carrying amount as of 31 December 2023 and 31 December 2022 were NT\$731,587 thousand and NT\$792,400 thousand, respectively. Please refer to Note 6(15) for more details on loss allowance of Accounts receivables for the periods ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

(A) Net of inventories include:

	December 31, 2023	December 31, 2022
Merchandise	<u>\$172,563</u>	<u>\$285,636</u>

(B) Operating costs details recognized by the Company: :

	For the year ended December 31	
	2023	2022
Cost of inventory sold	\$2,026,307	\$2,284,451
(Gain) loss on inventory valuation	(13,504)	17,315
Others	1,644	4,930
Total	<u>\$2,014,447</u>	<u>\$2,306,696</u>

For the year ended December 31, 2023, disposal of excess inventory resulted in gains from price recovery of inventory.

(C) The insurance amounts for the inventories were NT\$49,149 thousand and NT\$59,382 thousand as of December 31, 2023 and 2022, respectively.

(D) No inventories were pledged.

(6) Prepayment

	December 31, 2023	December 31, 2022
Payment in advance	\$1,666	\$112,299
Other	3,464	3,822
Total	<u>\$5,130</u>	<u>\$116,121</u>

(7) Investments accounted for under the equity

Investee companies	December 31, 2023		December 31, 2022	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
Investments in subsidiaries:				
GITEH Electronic Industries Co.,Ltd.	\$565,762	100%	\$532,456	100%
HOWTEH INTERNATIONAL INC.	172,740	100%	182,563	100%
KunShan HOWTEH International Trading Inc.	<u>(7,786)</u>	100%	<u>(8,209)</u>	100%
Total	<u>\$730,716</u>		<u>\$706,810</u>	

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method or credit for investment accounted for the equity method. Valuation adjustment is made if deemed necessary

The Company's investments accounted for under the equity method were not pledged.

(8) Property, plant and equipment

			December 31, 2023	December 31, 2022	
Owner occupied property, plant and equipment			\$103,461	\$103,874	
	Land	Buildings	Office equipment	Transportation equipment	Other Equipment
Cost :					
As at January 1, 2023	\$89,203	\$22,220	\$2,047	\$94	\$113,564
Additions	-	-	677	-	677
Disposals	-	-	(287)	-	(287)
As at December 1, 2023	\$89,203	\$22,220	\$2,437	\$94	\$113,954
As at January 1, 2022	\$89,203	\$22,220	\$2,175	\$-	\$113,598
Additions	-	-	345	94	439
Disposals	-	-	(473)	-	(473)
As at December 1, 2022	\$89,203	\$22,220	\$2,047	\$94	\$113,564
Depreciation and impairment :					
As at January 1, 2023	\$-	\$8,585	\$1,095	\$10	\$9,690
Depreciation	-	365	693	32	1,090
Disposals	-	-	(287)	-	(287)
As at December 1, 2023	\$-	\$8,950	\$1,095	\$42	\$10,493
As at January 1, 2022	\$-	\$8,220	\$879	\$-	\$9,099
Depreciation	-	365	689	10	1,064
Disposals	-	-	(473)	-	(473)
As at December 1, 2022	\$-	\$8,585	\$1,095	\$10	\$9,690
Net carrying amount as at:					
December 31, 2023	\$89,203	\$13,270	\$936	\$52	\$103,461
December 31, 2022	\$89,203	\$13,635	\$952	\$84	\$103,874

The major components of the Company is the main building which is depreciated over 60 years.

Please refer to Note 8 for more details on property, plant and equipment under pledge.



(9) Investment property

The Company's investment properties include owned investment properties. The Company has entered into commercial property leases on its owned investment properties with terms of between 7 and 8 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Land	Buildings	Total
Cost :			
As at January 1, 2023	\$6,816	\$4,249	\$11,065
Additions from subsequent expenditure	-	-	-
As at December 31, 2023	<u>\$6,816</u>	<u>\$4,249</u>	<u>\$11,065</u>
As at January 1, 2022	\$6,816	\$4,249	\$11,065
Additions from subsequent expenditure	-	-	-
As at December 31, 2022	<u>\$6,816</u>	<u>\$4,249</u>	<u>\$11,065</u>
Depreciation and impairment :			
As at January 1, 2023	\$-	\$2,405	\$2,405
Depreciation	-	112	112
As at December 31, 2023	<u>\$-</u>	<u>\$2,517</u>	<u>\$2,517</u>
As at January 1, 2022	\$-	\$2,293	\$2,293
Depreciation	-	112	112
As at December 31, 2022	<u>\$-</u>	<u>\$2,405</u>	<u>\$2,405</u>
Net carrying amount as at :			
December 31, 2023	<u>\$6,816</u>	<u>\$1,732</u>	<u>\$8,548</u>
December 31, 2022	<u>\$6,816</u>	<u>\$1,844</u>	<u>\$8,660</u>
	For the year ended		
	December 31		
	2023	2022	
Rental income from investment property	\$1,996	\$1,996	
Less: Direct operating expenses from investment property generating rental income	(149)	(150)	
Total	<u>\$1,847</u>	<u>\$1,846</u>	

On March 28, 2019 the Board of Directors resolves that in order to enhance working capital, it intends to sell the investment properties in Yucheng section of Nangang, and is currently in search of a buyer. The Company will comply with the regulations governing the acquisition and disposal of assets and authorizes the Chairman to follow-up on the related matters.

No investment property was pledged.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3.

Investment properties held by the Company are mainly located at Zhongshan area and Nangang area in Taipei city. The fair value of investment properties was NT\$151,445 thousand upon the valuation performed by an independent appraiser in the first quarter of 2013. The valuation methods used are Comparative approach and Income capitalization rate approach and Comparative approach and Land development analysis approach. By considering the nature of the subject property, condition of use, development scope and the credibility of the baseline data, the price per square feet is estimated using the weighted amount calculated by one of the two methods listed per below:

- (A) 60% Comparative approach + 40% Income capitalization rate approach
- (B) 40% Comparative approach + 60% Land development analysis approach.

Calculations used within the valuation methods:

- (A) The main evaluation parameter used for the comparative approach is calculated by investigating and estimating the cases nearby the subject property.
- (B) The main parameter of the income capitalization rate approach is to calculate the price per square feet based on the annual lease amount according to the market survey, and then calculate the price per square feet based on the income capitalization rate of 1.85%.
- (C) As for the land development analysis approach, it is to evaluate the reasonable acquisition price of the development land.

Considering that the capitalization rate of income from the domestic real estate market in the most recent year is comparable to the valuation date mentioned above, the Company therefore refers to the valuation results and the above-mentioned recent real estate market as the fair value of the investment real estate on the cut-off date of each financial report.

The Company conducted the estimation of of the investment property on December 31, 2023 and December 31, 2022, respectively. The estimation results were obtained by using the actual transaction price of each year and the market transaction price of similar

properties in the vicinity of the relevant assets (including the Real Price Enquiry Service Network of Real Estate Transactions of the Ministry of the Interior and the Real Price Inquiry Service Website of Housing Arbitration Industry). The estimation was equivalent to the valuation results mentioned above.

(10) Intangible assets

	Cost of Computer Software
Cost :	
As at January 1, 2023	\$1,078
Additions	555
Disposals	-
As at December 31, 2023	<u>\$1,633</u>
As at January 1, 2022	\$1,078
Additions	-
Disposals	-
As at December 31, 2022	<u>\$1,078</u>
Amortization and impairment :	
As at January 1, 2023	\$550
Amortization	243
Disposals	-
As at December 31, 2023	<u>\$793</u>
As at January 1, 2022	\$335
Amortization	215
Disposals	-
As at December 31, 2022	<u>\$550</u>
Net carrying amount as at :	
As at December 31, 2023	<u>\$840</u>
As at December 31, 2022	<u>\$528</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the year ended December 31	
	2023	2022
Selling expense	\$134	\$118
Administrative expense	109	97
Total	<u>\$243</u>	<u>\$215</u>

(11) Short-term borrowings

	For the year ended December 31	
	2023	2022
Unsecured bank loans	\$446,000	\$759,000
Secured bank loans	144,000	144,000
Total	<u>\$590,000</u>	<u>\$903,000</u>

The Company's annual interest rates for unsecured bank loans are 1.800%~1.982% and 1.51%~1.975%, as at December 31, 2023, and December 31, 2022, respectively.

The Company's annual interest rate for secured bank loans are 1.710% and 1.655%, as at December 31, 2023, and December 31, 2022, respectively.

The Company's unused short-term lines of credits amount to NT\$1,111,410 thousand, and NT\$828,420 thousand, as at December 31, 2023, and December 31, 2022, respectively.

Part of property, plant and equipment provides guarantee for secured bank loans. Please refer to Note 8 for more details of pledge situations.

(12) Post-employment benefits

Defined contribution plan

The labor pension regulations of the Company were established according to the Enforcement rules of the labor pension act and is recognized as defined contribution plan. The monthly contribution rate of the labor pension borne by the Company shall not be less than 6% of the employee's monthly salary. By following the labor pension regulations which was established in accordance with the Enforcement rules of the labor pension act, the Company has allocated 6% of the employee's salary to the individual pension account of the Labor Insurance Board monthly.

Expenses under the defined contribution plan for the years ended December 31, 2023 and

2022 were NT\$2,627 thousand and NT\$2,665 thousand, respectively.

#### Defined benefits plan

The defined benefit plan of the Company's Employee Retirement Plan is regulated according to the Labor Standards Act. 2. Retirement benefits are based on such factors as the employee's length of service and final pensionable salary. In accordance with the Act, 2 bases are given for each full year on the first 15 years of service and 1 base is given for each full year after 15 years of service. The total bases given shall not exceed 45. Under the retirement plan, the Company contributes monthly an amount equal to 2% of gross salary to the pension reserve fund, which is deposited into a designated depository account with the Bank of Taiwan. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company should make up the difference in 1 appropriation before the end of March in the following year.

Safeguard and Utilization of the Labor Retirement Fund is regulated by the Ministry of Labor. Investment of the fund is made by outsourcing and self-management. A long-term investment strategy is adopted with both initiative and passive approach. Considering market risk, creditability and liquidity etc., the Ministry of labor has set limit for fund risk and risk management plan so that the target rate of return can be reached without excess exposure to risk. Because the Company is not authorized to manage the Fund, it cannot disclose the classification of the fair value of the plan asset according to IAS 19. As of December 31, 2022, the amount of contribution expected to be made in the following accounting year was NT\$60 thousand.

As of December 31, 2023 and 2022, the Company's definite benefit plans are expected to expire in the year ended 2032.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the year ended December 31	
	2023	2022
Current period service costs	\$-	\$210
Net Interest of Net defined benefit	(66)	(21)
Settlements from the plan	(66)	189
Unadjusted amount on account	126	(129)
Total pension costs recognized in profit or loss	<u>\$60</u>	<u>\$60</u>

Reconciliation of present value of defined benefit obligation and fair value of plan assets are as follows:

	December 31, 2023	December 31, 2022	January 1, 2023
Present value of defined benefit obligation	\$15,664	\$15,726	\$16,118
Fair value of plan assets	(20,859)	(20,453)	(18,843)
Funding circumstance	(5,195)	(4,727)	(2,725)
Unadjusted amount on account	797	671	800
Other non-current assets, other – Net defined benefit liability (asset) on the consolidated balance sheets	<u>\$ (4,398)</u>	<u>\$ (4,056)</u>	<u>\$ (1,925)</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2022	\$16,118	\$(18,843)	\$(2,725)
Current period service costs	210	-	210
Interest expense (income)	121	(142)	(21)
Subtotal	<u>16,449</u>	<u>(18,985)</u>	<u>(2,536)</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(609)	(1,408)	(2,017)
Experience adjustments	(114)	-	(114)
Subtotal	<u>15,726</u>	<u>(20,453)</u>	<u>(4,667)</u>
Contributions by employer	-	(60)	(60)
As at December 31, 2022	<u>15,726</u>	<u>(20,393)</u>	<u>(4,793)</u>
Current period service costs	-	-	-
Interest expense (income)	220	(286)	(66)
Subtotal	<u>15,946</u>	<u>(20,739)</u>	<u>(4,793)</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	90	(60)	30
Experience adjustments	(372)	-	(372)
Subtotal	<u>15,664</u>	<u>(20,799)</u>	<u>(5,135)</u>
Contributions by employer	-	(60)	(60)
As at December 31, 2023	<u>\$15,664</u>	<u>\$(20,859)</u>	<u>\$(5,195)</u>

The following main actuarial assumptions are used to determine the present value of the defined benefit obligation:

	December 31, 2023	December 31, 2022
Discount rate	1.300%	1.400%
Expected salary growth rate	1.375%	1.375%

A sensitivity analysis for significant assumption as at December 31, 2023 and 2022 is, as shown below:

	For the year ended December 31			
	2023		2022	
	Increase of defined benefit obligation	Decrease of defined benefit obligation	Increase of defined benefit obligation	Decrease of defined benefit obligation
Discount rate increase by 0.25%	\$-	\$230	\$-	\$240
Discount rate decrease by 0.25%	236	-	247	-
Expected salary increase by 0.25%	232	-	242	-
Expected salary decrease by 0.25%	-	227	-	236

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

### (13)Equities

#### (A) Common stock

The Company's authorized and issued capital were NT\$800,000 thousand, and NT\$590,800 thousand, as at December 31, 2021, respectively, each at a par value of NT\$10. The Company has issued 59,080 thousands of common shares as at December 31, 2021, each share has one voting right and a right to receive dividends.

On June 24, 2022, the meeting of shareholders resolved to issue new shares by distributing the stock dividends for 3,545 thousand shares, at a par of NT\$10 per share, with an amount of 35,448 thousand. This regards was approved and effective on July 28, 2022 by the Financial Supervision Commission Securities and Futures Bureau. The relevant statutory registration procedures have been completed and the reference date was August 21, 2022.

The Company's authorized and issued capital were NT\$800,000 thousand, and NT\$626,248 thousand, as of December 31, 2022, respectively, each at a par value of NT\$10. The Company has issued 62,625 thousands of common shares as of December 31, 2022, each share has one voting right and a right to receive dividends.

On June 19, 2023, the meeting of shareholders resolved to issue new shares by distributing the stock dividends for 2,505 thousand shares, at a par of NT\$10 per share, with an amount of 25,050 thousand. This regards was approved and effective on July 13, 2023 by the Financial Supervision Commission Securities and Futures Bureau. The relevant statutory registration procedures have been completed and the reference date was August 7, 2023.

The Company's authorized and issued capital were NT\$800,000 thousand, and NT\$651,298 thousand, as of December 31, 2023, respectively, each at a par value of NT\$10. The Company has issued 65,130 thousands of common shares as of December 31, 2023, each share has one voting right and a right to receive dividends.

#### (B) Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$45,647	\$45,647
Gain on disposal of assets	834	834
Employee stock option	5,581	5,581
Total	<u>\$52,062</u>	<u>\$52,062</u>

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the company. When a company has no accumulated deficit, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

#### (C) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:



- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors (contribution of at least 30% should be made for the Unappropriated retained earnings portions) and resolved in the shareholders' meeting. For cash dividends issued, the amount should be at least 20% but not above 100% of the shareholders' bonus, after deducting the cash dividends the remaining amount should be issued as stock dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company has no accumulated deficit, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution. The amount for Special reserve appropriated as of 31 December 2023 and 2022 are both NT\$3,340 thousand.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 14, 2024 and June 19, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$10,104	\$21,050		
Common stock -cash dividend	78,156	81,412	\$1.2	\$1.3
Common stock-stock dividend	-	25,050	-	0.4
Total	<u>\$88,260</u>	<u>\$127,512</u>		

Please refer to Note 6(17) for details on employees' compensation and remuneration to directors and supervisors.

(14) Operating revenue

	For the year ended December 31	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$2,217,325	\$2,548,765
Revenue arising from rendering of services	4,729	5,681
Total	<u>\$2,222,504</u>	<u>\$2,554,446</u>

Analysis of revenue from contracts with customers during the 2023 and 2022 are as follows:

(A) Disaggregation of revenue

	Taiwan Dept.	
	2023	2022
Sale of goods	\$2,217,325	\$2,548,765
Rendering of services	4,729	5,681
Total	<u>\$2,222,504</u>	<u>\$2,554,446</u>
Timing of revenue recognition:		
At a point in time	<u>\$2,222,504</u>	<u>\$2,554,446</u>

(B) Contract balances

Contract liabilities – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	<u>\$175</u>	<u>\$106,880</u>	<u>\$94,031</u>

The significant changes in the Company's balances of contract liabilities for 2023 and 2022 are as follows:

	For the year ended December 31	
	2023	2022
The opening balance transferred to revenue	\$(106,880)	\$(94,031)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	175	106,880

(15) Expected credit losses (reversal of credit loss)

	For the year ended December 31	
	2023	2022
Operating expenses – (reversal of credit loss) expected credit losses		
Accounts receivable	<u>\$(5,483)</u>	<u>\$11,354</u>

Please refer to Note 12 for more details on credit risk.

The Company measures the Companying of accounts receivable loss allowance by using lifetime expected credit losses, details of period ended December 31, 2023 and 2022 are as follow:

As at December 31, 2023

	Overdue					
	<=90 days	91-120 days	121-150 days	151-180 days	>=181 days	Total
Notes receivable	\$414	\$-	\$-	\$-	\$-	\$414
Accounts receivable	467,814	162,741	92,490	4,718	3,824	731,587
Carrying amount	<u>\$468,228</u>	<u>\$162,741</u>	<u>\$92,490</u>	<u>\$4,718</u>	<u>\$3,824</u>	<u>\$732,001</u>
Loss rate	0%	0~2%	0~7%	0~27%	0~100%	
Lifetime expected credit losses	-	(3,235)	(6,198)	(1,121)	(3,732)	(14,286)
Total	<u>\$468,228</u>	<u>\$159,506</u>	<u>\$86,292</u>	<u>\$3,597</u>	<u>\$92</u>	<u>\$717,715</u>

As at December 31, 2022

	Overdue					Total
	<=90 days	91-120 days	121-150 days	151-180 days	>=181 days	
Notes receivable	\$1,372	\$-	\$-	\$-	\$-	\$1,372
Accounts receivable	519,570	168,233	90,496	3,516	10,585	792,400
Carrying amount	<u>\$520,942</u>	<u>\$168,233</u>	<u>\$90,496</u>	<u>\$3,516</u>	<u>\$10,585</u>	<u>\$793,772</u>
Loss rate	<u>0~1%</u>	<u>0~2%</u>	<u>0~7%</u>	<u>0~27%</u>	<u>0~100%</u>	
Lifetime expected credit losses	-	(3,140)	(5,560)	(651)	(10,418)	(19,769)
Total	<u>\$520,942</u>	<u>\$165,093</u>	<u>\$84,936</u>	<u>\$2,865</u>	<u>\$167</u>	<u>\$774,003</u>

The movement in the provision for impairment of notes receivable and accounts receivable during the periods ended December 31, 2023 and 2022 are as follows:

	Accounts		Total
	Notes receivable	receivable	
Bal. as at January 1, 2023	\$-	\$19,769	\$19,769
Addition/(reversal) for the current period	-	(5,483)	(5,483)
Bal. as at December 31, 2023	<u>\$-</u>	<u>\$14,286</u>	<u>\$14,286</u>
Bal. as at January 1, 2022	\$-	\$8,415	\$8,415
Addition/(reversal) for the current period	-	11,354	11,354
Bal. as at December 31, 2022	<u>\$-</u>	<u>\$19,769</u>	<u>\$19,769</u>

## (16) Leases

### (A) Company as a lessee

The Company leases various properties, including properties such as land and buildings and transportation equipment. The lease terms range from 2 to 3 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

(I) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings	\$4,561	\$558
Transportation equipment	3,728	-
	<u>\$8,289</u>	<u>\$558</u>

During the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounting to NT\$11,107 thousand and NT\$0 thousand, respectively.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	<u>\$8,346</u>	<u>\$565</u>
Current	<u>\$3,922</u>	<u>\$565</u>
Non-current	<u>\$4,424</u>	<u>\$-</u>

Please refer to Note 18(4)(D) for the interest on lease liabilities recognized during 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the year ended December 31	
	2023	2022
Buildings	\$2,329	\$2,267
Transportation equipment	1,047	-
	<u>\$3,376</u>	<u>\$2,267</u>

(c) Income and costs relating to leasing activities

	For the year ended December 31	
	2023	2022
The expenses relating to short-term leases	\$2,753	\$2,666

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounting to NT\$6,220 thousand and NT\$4,972 thousand, respectively.

(e) Other information relating to leasing activities

(I) Variable lease payments

Some of the Company's printer rental agreements contain variable payment terms that are linked to certain percentages of the usage amount generated from the leased printer, which is very common in the industry of the Company.

As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(II) Extension and termination options

Some of the Company's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company.

After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(B) Company as lessor

Please refer to Note 6(9) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$1,996	\$1,996

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2023 and 2022 are as follow:

	December 31, 2023	December 31, 2022
Not later than one year	\$1,996	\$1,996
Later than one year but not later than two years	1,996	1,996
Later than two years but not later than three years	998	1,996
Later than three years but not later than four years	-	1,163
Later than four years but not later than five years	-	-
Total	\$4,990	\$7,151

(17) The employee benefits, depreciation and amortization expenses are summarized as follows:

Nature \ Capability	For the years ended December 31							
	2023				2022			
	Operating costs	Operating expenses	Non-operating loss and expenses	Total	Operating costs	Operating expenses	Non-operating loss and expenses	Total
Employee benefits expense								
Salaries	\$-	\$68,946	\$-	\$68,946	\$-	\$86,103	\$-	\$86,103
Labor and health insurance	-	5,762	-	5,762	-	6,058	-	6,058
Pension	-	2,687	-	2,687	-	2,725	-	2,725
Remuneration to directors	-	10,195	-	10,195	-	9,536	-	9,536
Other employee benefits expense	-	4,613	-	4,613	-	4,864	-	4,864
Depreciation	-	4,578	-	4,578	-	3,443	-	3,443
Amortization	-	243	-	243	-	215	-	215

As at December 31, 2023 and 2022, the number of employees of the Company was 70 and 72 respectively. Among the Company's directors, there were 5 and 5, respectively, who were not the employees, as of December 31, 2023 and 2022. The average annual employee welfare expenses were NT\$1,489 thousand and NT\$1,172 thousand respectively. The average annual salary expenses of employees were NT\$985 thousand and NT\$1,285 thousand respectively. Employee salary and expense adjustments changed by (23%).

The policy on remuneration of directors, supervisors and managers of the Company is submitted to the Remuneration Committee for consideration in accordance with the provisions of the "Regulations for the Establishment and Exercise of Powers of the Remuneration Committee of Companies Listed on Stocks or Traded at the Business Premises of Securities Dealers". The manager's remuneration policy is mainly determined by reference to personal experience, performance, contribution to the company, future potential and business performance of the company; The remuneration policy for employees, directors and supervisors is for the year in which the company has a surplus and is handled in accordance with the articles of association. Employee remuneration includes principal salary, various allowances, job additions, overtime pay and various bonuses. The salary shall be based on his academic experience, professional skills and the value of the position held, and shall be assessed taking into account the salary level of the same industry; The bonus is based on the company's annual operating surplus and the achievement of the goals set by departments and individuals. In 2022, the supervisors' remuneration was NT\$1,075 thousand, and the Company set up an audit committee on July 22, 2022. There was no supervisors' remuneration in the 2023.

According to the Articles of Incorporation, the Company shall allocate no less than 3% of profit as employees' compensation and no more than 3% of profit as directors' compensation for each profitable fiscal year. However, the company's accumulated losses shall have been offsetted. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, distribute the aforementioned employees compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended December 31, 2023, the Company recognized the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 amounted to NT\$4,000 thousand and NT\$3,000 thousand, respectively. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution. Differences between the



estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors are recognized in profit or loss of the subsequent year.

On March 14, 2024 the Board of Directors resolved to issue the Company's distribution of employees' compensation and remuneration to directors and supervisors of 2023 at the amount of NT\$4,000 thousand and NT\$3,000 thousand, respectively.

On March 22, 2023 the Board of Directors resolved to issue the Company's distribution of employees' compensation and remuneration to directors and supervisors of 2022 at the amount of NT\$8,000 thousand and NT\$3,000 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

(18) Non-operating income and expenses

(A) Interest income

	For the year ended December 31	
	2023	2022
Interest income		
Financial assets measured at amortized cost	\$6,658	\$2,806

(B) Other income

	For the year ended December 31	
	2023	2022
Rental income	\$2,006	\$2,006
Dividend income	9,950	7,462
Compensation income	117	8,190
Other income- Other	2,426	1,035
Total	\$14,499	\$18,693

(C) Other gains and losses

	For the year ended December 31	
	2023	2022
Foreign exchange gains, net	\$7,676	\$113,485
Other losses- Other	(7)	(55)
Total	<u>\$7,669</u>	<u>\$113,430</u>

(D) Finance costs

	For the year ended December 31	
	2023	2022
Interests on borrowings from bank	\$(13,121)	\$(13,276)
Interests on lease liabilities	(140)	(21)
Total	<u>\$(13,261)</u>	<u>\$(13,297)</u>

(19) Components of other comprehensive income

Period ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods :					
Remeasurements of defined benefit plans	\$342	\$-	\$342	\$(68)	\$274
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	71,722	-	71,722	-	71,722
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(5,700)	-	(5,700)	-	(5,700)
Total	<u>\$66,364</u>	<u>\$-</u>	<u>\$66,364</u>	<u>\$(68)</u>	<u>\$66,296</u>

Period ended December 31, 2022

		Reclassification	Other	Income tax relating to components of	Other
	Arising during	adjustments	comprehensive	other	comprehensive
	the period	during the	income, before	comprehensive	income, net of
		period	tax	income	tax
Not to be reclassified to profit or loss in subsequent periods :					
Remeasurements of defined benefit plans	\$2,131	\$-	\$2,131	\$(426)	\$1,705
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	46,846	-	46,846	-	46,846
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	46,103	-	46,103	-	46,103
Total	<u>\$95,080</u>	<u>\$-</u>	<u>\$95,080</u>	<u>\$(426)</u>	<u>\$94,654</u>

## (20) Income tax

The major components of income tax expense (income) for the years ended March 31, 2023 and 2022 are as follows:

### Income tax expense (income) recognized in profit or loss

	For the year ended December 31	
	2023	2022
Current income tax expense (income):		
Current income tax charge	\$20,626	\$46,083
Adjustments in respect of current income tax of prior periods	1,328	(2,330)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	79	(4,160)
Total	<u>\$22,033</u>	<u>\$39,593</u>

Income tax relating to components of other comprehensive income

	For the year ended December 31	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$68	\$426
Income tax relating to components of other comprehensive income	<u>\$68</u>	<u>\$426</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31	
	2023	2022
Accounting profit (loss) before tax from continuing operations	<u>\$122,805</u>	<u>\$248,392</u>
Tax at the domestic rates applicable to profits in the country concerned	\$24,561	\$49,678
Tax effect of revenues exempt from taxation	(8,006)	(9,772)
Corporate income surtax on undistributed retained earnings	5,150	2,017
Adjustments in respect of current income tax of prior periods	<u>1,328</u>	<u>(2,330)</u>
Total	<u>\$22,033</u>	<u>\$39,593</u>

Deferred tax assets (liabilities) relate to the following:  
For the year ended December 31, 2023

	Beginning balance as at Jan 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Charged directly to equity	Other	Ending balance as at Dec 31, 2023
Temporary differences:						
Deferred tax assets						
Unrealized loss on inventory	\$9,239	(\$2,990)	\$-	\$-	\$-	\$6,249
Unrealized gains(losses) between associated companies	113	94	-	-	-	207
Excess amount of pension expenses	18	-	-	-	-	18
Net unrealized exchange loss	1,790	3,864	-	-	-	5,654
Excess amount of allowance for accounts receivable	2,366	(973)	-	-	-	1,393
Deferred tax liabilities						
Non-current liability – Defined benefit	(1,395)	-	(68)	-	-	(1,463)
Net unrealized exchange gain	(1,872)	(74)	-	-	-	(1,946)
Deferred tax income/(expense)		<u>\$(79)</u>	<u>\$(68)</u>	<u>\$-</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$10,259</u>					<u>\$10,112</u>

	Beginning balance as at Jan 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Charged directly to equity	Other	Ending balance as at Dec 31, 2023
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$13,526</u>					<u>\$13,521</u>
Deferred tax liabilities	<u>\$(3,267)</u>					<u>\$(3,409)</u>

#### For the year ended December 31, 2022

	Beginning balance as at Jan 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Charged directly to equity	Other	Ending balance as at Dec 31, 2022
Temporary differences :						
Deferred tax assets						
Provisions for employee benefits	\$451	\$(451)	\$-	\$-	\$-	\$-
Unrealized loss on inventory	5,796	3,443	-	-	-	9,239
Unrealized gains(losses) between associated companies	85	28	-	-	-	113
Excess amount of pension expenses	18	-	-	-	-	18
Net unrealized exchange loss	1,562	228	-	-	-	1,790
Excess amount of allowance for accounts receivable	-	2,366	-	-	-	2,366
Deferred tax liabilities						
Non-current liability – Defined benefit	(969)	-	(426)	-	-	(1,395)
Net unrealized exchange gain	<u>(418)</u>	<u>(1,454)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,872)</u>
Deferred tax income/(expense)		<u>\$4,169</u>	<u>\$(426)</u>	<u>\$-</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$6,525</u>					<u>\$10,259</u>
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$7,912</u>					<u>\$13,526</u>
Deferred tax liabilities	<u>\$(1,387)</u>					<u>\$(3,267)</u>

#### Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets which not been recognized were both amounting to NT\$0.

#### Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future, therefore the Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, and the deferred tax profit generated by the exchange differences on translation of foreign financial statements which is generated by the subsidiaries also will should not be recognized. As at December 31, 2023, deferred tax liabilities which have not been

recognized, aggregate to NT\$125,521 thousand.

#### The assessment of income tax returns

The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

#### (21) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31	
	2023	2022 (Traced back)
(A) Basic earnings per share		
Profit attributable to the parent company (in thousand NT\$)	\$100,772	\$208,799
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,130	65,130
Basic earnings per share (NT\$)	\$1.55	\$3.21
(B) Diluted earnings per share		
Profit attributable to the parent company (in thousand NT\$)	\$100,772	\$208,799
Profit attributable to the parent company after dilution (in thousand NT\$)	\$100,772	\$208,799
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,130	65,130
Effect of dilution:		
Employee compensation—stock (in thousands)	232	360
Weighted average number of ordinary shares outstanding after dilution (in thousands)	65,362	65,490
Diluted earnings per share (NT\$)	\$1.54	\$3.19

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

## 7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

### Name and relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
GITEH Electronic Industries Co., Ltd.	Subsidiary
ShangHai HOWTEH International Trading Inc.	Second-tier subsidiary
ShenZhen HOWTEH Technology Co., Ltd.	Second-tier subsidiary
Tailyn Technologies, Inc.	Substantive related party
Taipei Rosyclouds Foundation For Education	Other related party

### (1) Sales revenue

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary		
GITEH Electronic Industries Co., Ltd.	\$107,900	\$163,663
Second-tier subsidiary		
ShangHai HOWTEH International Trading Inc.	39,254	42,822
ShenZhen HOWTEH Technology Co., Ltd.	33,999	45,145
Total	73,253	87,967
Substantive related party		
Tailyn Technologies, Inc.	295	417
Total	\$181,448	\$252,047

The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection periods for sales to related parties and to third parties were all month-end 30~120 days. The outstanding balances as of December 31, 2023 and 2022 were unsecured, non-interest bearing and to be settled in cash. The receivables from the related parties were not guaranteed.

### (2) Purchase

	<u>For the year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary		
GITEH Electronic Industries Co., Ltd.	\$116,293	\$116,293
Second-tier subsidiary		
ShangHai HOWTEH International Trading Inc.	179	-
Total	\$99,778	\$116,293

The transaction price of the company's purchase of goods by the above related persons is similar to that of general manufacturers, and the payment terms of general manufacturers are month-end 25~90 days. The company's payment terms for GITEH Electronic Industries Co., Ltd. and ShangHai HOWTEH International Trading Inc. are month-end 60 days.

(3) Accounts receivable from related parties

	December 31, 2023	December 31, 2022
Subsidiary		
GITEH Electronic Industries Co., Ltd.	\$20,399	\$21,575
Second-tier subsidiary		
ShangHai HOWTEH International Trading Inc.	3,559	4,783
ShenZhen HOWTEH Technology Co., Ltd.	7,611	5,865
Substantive related party		
Tailyn Technologies, Inc.	123	90
Total	<u>\$31,692</u>	<u>\$32,313</u>

(4) Accounts payable to related parties

	December 31, 2023	December 31, 2022
Subsidiary		
GITEH Electronic Industries Co., Ltd.	<u>\$23,434</u>	<u>\$30,611</u>

(5) Other payables

	December 31, 2023	December 31, 2022
Substantive related party		
Tailyn Technologies, Inc.	<u>\$13</u>	<u>\$12</u>

(6) Lease - related parties

Lease payments	For the year ended December 31	
	2023	2022
Other related party		
Tailyn Technologies, Inc.	<u>\$363</u>	<u>\$363</u>

The rental prices and collection terms to the above related parties are not much different from third parties. The mutual agreement of rental prices is determined by local market



conditions, and is based on the location, floors and scopes of the lease.

(7) Donation

	For the year ended December 31	
	2023	2022
Substantive related party		
Taipei RosycLOUDS Foundation For Education	\$300	\$-

(8) Endorsement guarantee

For the year ended 2023

The Company's endorsement towards GITEH Electronic Industries Co., Ltd and HOWTEH Vietnam Co., Ltd. :

	The highest balance of endorsement per period	The company's ending balance of endorsement	Guarantee purpose
CTBC Bank CO., Ltd.	USD 3,000 thousand	\$92,114	Credit line of loans
Sumitomo Group	USD 300 thousand	9,212	Business dealings
		<u>\$101,327</u>	

For the year ended 2022

The Company's endorsement towards GITEH Electronic Industries Co., Ltd :

	The highest balance of endorsement per period	The company's ending balance of endorsement	Guarantee purpose
CTBC Bank CO., Ltd.	USD 3,000 thousand	\$92,130	Credit line of loans
Sumitomo Group	USD 300 thousand	9,213	Business dealings
		<u>\$101,343</u>	

(9) Key management personnel compensation

	For the year ended December 31	
	2023	2022
Short-term employee benefits	\$20,962	\$22,593
Post-employment benefits	206	205
Total	<u>\$21,168</u>	<u>\$22,798</u>

For details on the remuneration of the above key management, please refer to the contents of the annual report of the Shareholders' Meeting.

## 8. Assets pledged as collateral

The following table lists assets of the Company pledged as collateral:

Items	Carrying amount		Secured liabilities
	December 31, 2023	December 31, 2022	
Property, plant and equipment - land	\$89,074	\$89,074	Short-term bank loan
Property, plant and equipment - buildings	13,500	13,500	Short-term bank loan
Total	<u>\$102,574</u>	<u>\$102,574</u>	

## 9. Significant contingencies and unrecognized contract commitments

(1) Unused credit lines of L/C letters issued by the Company as of December 31, 2023:

Bank	Currency	Open Foreign Currency Amount (Dollars in thousands)
Mega International Commercial Bank	JPY	<u>\$187,520</u>

(2) The guarantee notes issued by the Company as of December 31, 2023:

Client	Nature	Amount
FLEXIUM INTERCONNECT INC	Performance guarantee	<u>\$14,465</u>

(3) The Company has signed an agency contract with Company S to sell Company S's products, and the Company shall pay the agency deposit to Company S as a performance guarantee according to the contract. As of December 31, 2023, the Company has provided US\$1.5 million as a performance bond, which amounted to approximately NT\$46,058 thousand and is accounted under Refundable deposits paid.

(4) For the year ended December 31, 2023, the details of the amount of endorsement guarantee provided by GITEH Electronic Industries Co., Ltd and HOWTEH Vietnam Co., Ltd., please refer to Notes 7(8).

## 10. Significant disaster loss

None.

## 11. Significant subsequent events

None.

## 12. Other

(1) Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income	\$298,908	\$227,186
Financial assets measured at amortized cost (Note)	1,093,962	1,392,883
Total	<u>\$1,392,870</u>	<u>\$1,620,069</u>

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term loan	\$590,000	\$903,000
Accounts payable(including related parties)	216,196	272,836
Other payables	76,240	71,028
Guarantee deposits	3,309	3,309
Lease liabilities(including noncurrent)	8,346	565
Total	<u>\$894,091</u>	<u>\$1,250,738</u>

Note: Including cash and cash equivalents (cash on hand not included), notes receivable, accounts receivable, other receivables and refundable deposits.

(2) Financial risk management objectives and policies

The Company principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will

fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

#### Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would decrease by NT\$6,301 thousand and NT\$8,242 thousand, respectively.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease by NT\$544 thousand and NT\$859 thousand, respectively.

#### Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

As of December 31, 2023 and 2022, a change of 5% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$14,495 thousand and NT\$11,359 thousand on the equity attributable to the Company for the years ended December 31, 2023 and 2022, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for account and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy,

procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2023 and 2022, the credit concentration risk of accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Company uses IFRS 9 to evaluate the expected credit losses, receivables are measured as allowance losses over the life of expected credit losses, the remainder are not investments in debt instruments measured at fair value through profit or loss, and their original purchase is based on the assumption of low credit risk, and whether credit risk has increased significantly since the original recognition at each balance sheet date to determine the method of measuring the allowance loss and its loss rate. The debt instrument mentioned above that aren't measured at fair value through profit and loss are cash and cash equivalents (excluding cash on hand), and their carrying amount as of December 31, 2023 and December 31, 2022 were NT\$376,242 thousand and NT\$618,855 thousand, respectively, and the loss rates were both 0%.

In addition, the Company also writes off financial assets when it evaluates that it cannot reasonably be expected to recover financial assets (e.g. significant financial difficulties of the issuer or debtor, or bankruptcy).

#### (5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

### Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	>5 years	Total
As at December 31, 2023					
Short-term loans (estimated interests to be paid included)	\$590,604	\$-	\$-	\$-	\$590,604
Lease liabilities (Non-current included)	4,049	3,928	548	-	8,525
Payables	216,196	-	-	-	216,196
Other payables	76,240	-	-	-	76,240
Guarantee deposits	3,309	-	-	-	3,309

	Less than 1 year	2 to 3 years	4 to 5 years	>5 years	Total
As at December 31, 2022					
Short-term loans (estimated interests to be paid included)	\$903,754	\$-	\$-	\$-	\$903,754
Lease liabilities (Non-current included)	565	-	-	-	565
Payables	272,836	-	-	-	272,836
Other payables	71,028	-	-	-	71,028
Guarantee deposits	3,309	-	-	-	3,309

### (6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Guarantee deposits	Leases liabilities	Total liabilities from financing activities
As at Jan 1, 2023	\$903,000	\$3,309	\$565	\$906,874
Cash flows	(313,000)	-	(3,466)	(316,466)
Non-cash changes	-	-	11,247	11,247
As at Dec 31, 2023	\$590,000	\$3,309	\$8,346	\$601,655

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Short-term notes and bills payable	Guarantee deposits	Leases liabilities	Total liabilities from financing activities
As at Jan 1, 2022	\$1,030,000	\$30,000	\$3,309	\$2,850	\$1,066,159
Cash flows	(127,000)	(30,000)	-	(2,306)	(159,306)
Non-cash changes	-	-	-	21	21
As at Dec 31, 2022	\$903,000	\$-	\$3,309	\$565	\$906,874

(7) Fair values of financial instruments

(A) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables and payables approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) The fair value of other financial assets and financial liabilities is determined on the basis of discounted cash flow analysis, and their interest rates and discount rates are mainly based on information related to similar instruments, yield curves



applicable over the life of the period, etc.

(B) Fair value of financial instruments measured at amortized cost

The Company's carrying value of financial instruments measured at amortized cost approaches to the fair value of financial instruments measured at amortized cost approaches.

(C) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(A) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(B) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value through other comprehensive income				
Equity instruments designated at fair value through other comprehensive income	\$298,908	\$-	\$-	\$298,908

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value through other comprehensive income				
Equity instruments designated at fair value through other comprehensive income	\$227,186	\$-	\$-	\$227,186

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Fair value measurements in Level 3 of the fair value hierarchy for movements

As of December 31, 2023 and 2022, there were no financial assets that are measured at fair value within Level 3. Therefore the valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy isn't needed.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

As of December 31, 2023 and 2022, there were no financial assets that are measured at fair value within Level 3. Therefore the valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy isn't needed.

- (C) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6)	\$-	\$-	\$151,445	\$151,445

As at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6)	\$-	\$-	\$151,445	\$151,445

(9) Significant financial assets and liabilities denominated in foreign currencies

The significant financial assets and liabilities denominated in foreign currencies were as follow:

Amounts expressed in thousand December 31, 2023			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$27,404	30.705	\$841,429
Non-monetary items:			
CNY	35,836	4.327	155,062
HKD	144,252	3.929	566,767
<u>Financial liabilities</u>			
Monetary items:			
USD	6,882	30.705	211,298
December 31, 2022			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$35,215	30.710	\$1,081,464
Non-monetary items:			
CNY	36,963	4.408	162,932
HKD	135,338	3.938	532,962
<u>Financial liabilities</u>			
Monetary items:			
USD	8,378	30.710	257,297

Since there were varieties of functional currencies within each entities of the Company, the Company is unable to disclose foreign exchange gain or loss information of monetary financial assets and liabilities in each foreign currency. The Company's net foreign currency exchange gain (loss) for the year ended December 31, 2023 and 2022 were NT\$113,484 thousand and NT\$(15,398) thousand, respectively.

#### (10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

### 13. Other disclosure

#### (1) Information at significant transactions

- (A) Financing provided to others: Please refer to Attachment 1.
- (B) Endorsement/Guarantees provided to others: Please refer to Attachment 2.
- (C) Securities on held at the end of the period : Please refer to Attachment 3.
- (D) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (E) Acquisition of individual property with amount exceeding NT\$300 million or 20 percent of the capital stock: None.
- (F) Disposition of property for amount exceeding NT\$300 million or 20 percent of the capital stock: None.
- (G) Related parties transactions for purchases and sales amount exceeding NT\$100 million or 20 percent of the capital stock: Please refer to attachment 4.
- (H) Receivables from related parties with amount exceeding NT\$100 million or 20 percent of the capital stock: None.
- (I) Derivatives transactions: None.
- (J) Others: The business relationships and important transactions between the parent company and the subsidiaries, and among subsidiaries, along with their respective amounts are detailed in Attachment 5.

#### (2) Information on investees

- (A) Information about the investee company that direct or indirect has significant influence or control over the investee company: Please refer to Attachment 6 and 7.
- (B) Information of significant transaction within the investee company of which that has significant influence or control over the investee company, directly or indirectly :
  - (a) Financing provided to others: Please refer to Attachment 1.
  - (b) Endorsement/Guarantees provided to others: None.

- (c) Securities held at the end of the period: None
- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (e) Acquisition of individual property with amount exceeding NT\$300 million or 20 percent of the capital stock: None.
- (f) Disposal of individual property with amount exceeding NT\$300 million or 20 percent of the capital stock: None.
- (g) Related party transaction for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock: Please refer to Attachment 4.
- (h) Receivables from related parties with amount exceeding NT\$100 million or 20 percent of capital stock: None.
- (i) Derivatives transactions: None.

### (3) Investment in Mainland China

- (A) Investee company name, main businesses and products, total amount of capital, investment method, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment profit and loss, carry amount of investment at the end of the period, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.
- (B) Directly or indirectly significant transactions with investee in Mainland China through third regions:
  - (a) The amount and percentage of goods sold and the closing balance and percentage of the related receivables for the year ended 2023 :
    - (I) The sales amount between the Company and ShangHai HOWTEH International Trading Inc. was NT\$39,254 thousand, which accounts for 1.77% of the net sales of the Company's parent company only financial statements.
    - (II) The accounts receivable between the Company and ShangHai HOWTEH International Trading Inc. was NT\$3,559 thousand, which accounts for 0.50% of the accounts receivable of the Company's parent company only financial statements.
    - (III) The sales amount between the Company and ShenZhen HOWTEH Technology Co., Ltd. was NT\$33,999 thousand, which accounts for 1.53% of the net sales of the Company's parent company only financial statements.

(IV) The accounts receivable between the Company and ShenZhen HOWTEH Technology Co., Ltd. was NT\$7,611 thousand, which accounts for 1.06% of the accounts receivable of the Company's parent company only financial statements.

- (b) The amount and percentage of goods purchased and the closing balance and percentage of the related payables for the year ended 2023 : None.
- (c) Property transactions and the amount of profit and loss arising from the transactions: : None.
- (d) The closing balance and purpose of the guarantee of payment instrument by endorsement or collateral provided : None.
- (e) The highest balance, closing balance, interest rate range and total interest of the period for the capital and finance : Please refer to attachment 1.
- (f) Other transactions that have a significant impact on the profit or loss or financial position of the current period, such as the provision or receipt of services etc. : None.

(4) Information of major shareholders

Information on shareholders holding 5% or more of the Company's equity: Please refer to attachment 8.

Attached table 1: Financings Provided

( In Thousands of New Taiwan Dollars)																
No. (Note 1)	Financier	Counter-party	Item (Note 2)	Related-party	Maximum Balance (Note 3)	Ending Balance (Note 8)	Amount Actually Drawn	Interest Rate Range	Financing Provided (Note 4)	Transaction Amount (Note 5)	Financing Reasons (Note 6)	Allowance for Bad Debt	Collateral		Financial Limit for Each Counter-party	Limit on Financier's Total Financing
													Name	Value		
1	ShangHai HOWTEH International Trading Inc.	KunShan HOWTEH International Trading Inc.	Other receivables	Yes	\$30,705 USD1,000	\$30,705 USD1,000	\$7,129	0.00%	1	\$2,105	Business dealings	\$-	-	-	\$65,139 (Note 10)	\$97,709 (Note 10)
1	ShangHai HOWTEH International Trading Inc.	ShenZhen HOWTEH Technology Co., Ltd.	Other receivables	Yes	17,308 RMB4,000	17,308 RMB4,000	-	4.35%	2	-	Short-term financing	-	-	-	65,139 (Note 10)	97,709 (Note 10)
2	ShenZhen HOWTEH Technology Co., Ltd.	ShangHai HOWTEH International Trading Inc.	Other receivables	Yes	17,308 RMB4,000	17,308 RMB4,000	-	4.35%	2	-	Short-term financing	-	-	-	32,003 (Note 11)	48,004 (Note 11)

Note 1: The description of the number column is as follows:

- (1) Issuer fill in 0.
- (2) Investee companies are numbered sequentially, beginning with the Arabic numeral 1.

Note 2: Accounts of receivables related enterprise payments, receivables related party payments, shareholder transactions, advance payments, temporary payments... and other subjects, if they are in the nature of capital loans, must be filled in this form.

Note 3: The highest balance of funds lent to others in the current year.

Note 4: The nature of the loan should be filled in as a business transaction or a need for short-term financing.

- (1) Business transaction fill in 1.
- (2) Short-term financing fill in 2.

Note 5: If the nature of the loan is a business transaction, the business transaction amount should be filled in, which refers to the business transaction amount of the company and the loan target who lent the funds in the latest year.

Note 6: If the nature of the capital loan is necessary for short-term financing funds, the reason for the necessary loan and the purpose of the funds to be borrowed should be specified, such as: repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The maximum loan limit set by the Company shall not exceed 40% of the net value of the Company, and the maximum loan limit shall not exceed 20% of the net value of the Company for a single object.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: Counter-party:

According to Article 15 of the Company Law, the company's funds shall not be lent to shareholders or any other person except in the following circumstances:

- (1) Intercompany business dealers.
- (2) There is a need for short-term financing between companies. The amount of financing shall not exceed 40% of the net value of enterprise.

For the purposes of the preceding paragraph, short-term term refers to one year. However, if the company's business cycle is longer than one year, the business cycle shall prevail.

- (3) The financing amount referred to in the preceding paragraph is the cumulative balance of the Company's short-term financing funds.
- (4) The Company directly and indirectly holds 100% of the voting shares of foreign companies engaged in capital loans, which are not subject to the restrictions of the preceding paragraph.

Note 10: The total limit of capital loans set by ShangHai HOWTEH International Trading Inc. shall not exceed 60% of the net value of the company, and the maximum loan limit for a single object shall not exceed 40% of the net value of the company.

Note 11: The total limit of capital loan and total set by ShenZhen HOWTEH Technology Co., Ltd. shall not exceed 60% of the net value of the company, and the maximum loan limit for a single object shall not exceed 40% of the net value of the company.

Attached table 2: Collaterals/Guarantee Provided

( In Thousands of New Taiwan Dollars)

No. (Note 1)	Collaterals/Guarantee Provider	Counter-part		Limits on Each Counter-party's Collateral/Guarantee Amounts (Note 3)	Maximum balance accumulated up to the end of this month (Note 4 ∙ 8)	Ending Balance (Note 5 ∙ 8)	Actual Amount Drawn Down (Note 6)	Amount of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 3)	Provision of Endorsements by Parent Company to Subsidiary (Note 6)	Provision of Endorsements by Subsidiary to Parent Company (Note 7)	Provision of Endorsements to the Company in Mainland China (Note 7)
		Name	Relationship (Note 2)										
0	HOWTEH TECHNOLOGY CO., LTD.	GITEH Electronic Industries Co., Ltd.	4	\$386,717	\$92,115 USD 3,000	\$92,115 USD 3,000	\$-	\$-	5.95%	\$773,435	Y	-	-
0	HOWTEH TECHNOLOGY CO., LTD.	HOWTEH Vietnam Co., Ltd.	4	386,717	9,212 USD 300	9,212 USD 300	-	-	0.60%	773,435	Y	-	-

Note 1: The description of the number column is as follows:

- (1) Issuer fill in 0.
- (2) Investee companies are numbered sequentially, beginning with the Arabic numeral 1.

Note 2: There are the following seven types of relationships between the endorsement guarantor and the endorsed guarantee object, and the types can be indicated:

- (1) There are business dealings between companies.
- (2) Companies in which the company directly and indirectly holds more than 50% of the voting shares.
- (3) A company in which more than 50% of the voting rights are directly or indirectly held in the company.
- (4) A company in which the company directly and indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured by inter-industry or co-sponsors in accordance with the provisions of the contract.
- (6) A company that is endorsed and guaranteed by all contributing shareholders in accordance with their shareholding ratio due to a co-investment relationship.
- (7) The performance guarantee of the pre-sale house sales contract is jointly and severally guaranteed in accordance with the Consumer Protection Law.

Note 3: Endorsement guarantee method: The total amount of endorsement guarantee shall not exceed 50% of the company's net value, and the amount of endorsement guarantee for a single enterprise shall not exceed 25% of the company's net value.

Note 4: The maximum amount accumulated up to this month is the highest guaranteed balance of endorsement for the current year.

Note 5: By the end of the year, the company shall bear the endorsement or guarantee liability when the amount of the endorsement guarantee deed or instrument signed by the company to the bank is approved; Other relevant cases with endorsement guarantee should be included in the balance of endorsement guarantee.

Note 6: The actual amount of expenditure is the amount of expenditure under the guaranteed amount of the parent company.

Note 7: Those who are endorsement guarantors of the parent company of the listed stock exchange to the subsidiary, endorsement guarantors of the subsidiaries to the parent company of the listed stock exchange, and endorsement certificates belonging to the mainla

Note 8 The exchange rate is based on the ending exchange rate.



Attached Table 3: Marketable securities held (excluding investment subsidiaries, affiliated enterprises and joint venture control part)

( In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name(Note 1)	Relationship with the Holding Company(Note 2)	Financial Statement Account	As of December 31, 2022				Notes(Note 4)
				Shares (1,000)	Carrying Value(Note 3)	Percentage of Ownership(%)	Fair Value	
HOWTEH TECHNOLOGY CO., LTD.	<u>Financial assets at fair value through other comprehensive</u>							
	Tailyn Technologies, Inc.	The Chairman of the company is a director of the Tailyn company	Investments in equity instruments measured at fair value through other comprehensive income - noncurrent	8,291,475	\$298,908	11.05%	\$298,908	No collateral is provided
	Feedpool Technology Co.,Ltd.	-	"	566,030	-	2.52%	-	"
			Total		<u>\$298,908</u>		<u>\$298,908</u>	

Note 1: For the purposes of this table, marketable securities refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of securities is not a related person, this column is exempted.

Note 3: For fair value measured, please fill in the book balance after adjustment of fair value evaluation and deduction of accumulated impairment in the carrying amount field; For those not measured at fair value, please fill in the carrying amount of the original acquisition cost or amortized cost less the accumulated impairment book balance.

Note 4: The use of marketable securities is restricted because of the provision of guarantees, pledge loans, or other agreements. The number of shares to be guaranteed or pledged, the amount and restricted use should be indicated in the remarks column.

Attached Table 4: Purchase and sale of goods from or to related parties reaching NT\$ 100 million or more than 20% of the paid-in capital or more

( In Thousands of New Taiwan Dollars)

Purchaser/seller	Counter-party	Relationship with the counter-party	Transaction				transaction terms compared to general transactions and reasons		Notes/accounts receivable (payable)		Notes
			Purchases(sales) (Note 1)	Amount	Percentage of total purchases (sales)	Credit term	Unit price (Note 2)	Credit term (Note 2)	Balance	Percentage of total notes/accounts receivable(payable)(%)	
HOWTEH TECHNOLOGY CO., LTD.	GITEH Electronic Industries Co., Ltd.	Subsidiary	Sales	\$(107,900)	(4.86)	60days	\$-	-	\$20,399	2.84	
GITEH Electronic Industries Co., Ltd.	HOWTEH TECHNOLOGY CO., LTD.	Subsidiary	Purchases	107,990	19.24	60days	-	-	(20,399)	(23.81)	

Note 1: Written off at the time of preparation of the consolidated financial statements.

Note 2: Comparable to general companies.

Note 3: The ratio of total notes receivable (payable) and accounts receivable (payable) to the individual financial statements of the importing (selling) company.

Attached Table 5: Business relationships and important transactions between parent and subsidiary companies

( In Thousands of New Taiwan Dollars)

No. (Note 1)	Purchaser/seller	Counter-party	Relationship with the counter- party (Note 2)	Transactions			
				Account	Amount (Note 4)	Trading conditions	Ratio to total consolidated revenue or total assets (Note 3)
0	HOWTEH TECHNOLOGY CO., LTD.	ShangHai HOWTEH International Trading Inc.	1	Sales revenue	\$39,254	120days	1.43%
0	"	"	1	Accounts receivable	3,559	"	0.14%
0	"	"	1	Purchase	179	月結60天	0.01%
0	"	GITEH Electronic Industries Co., Ltd.	1	Sales revenue	107,900	60days	3.93%
0	"	"	1	Accounts receivable	20,399	"	0.81%
0	"	"	1	Purchase	99,599	"	3.63%
0	"	"	1	Accounts payable	23,434	"	0.93%
0	"	ShenZhen HOWTEH Technology Co., Ltd.	1	Sales revenue	33,999	"	1.24%
0	"	"	1	Accounts receivable	7,611	"	0.30%
1	GITEH Electronic Industries Co., Ltd.	ShangHai HOWTEH International Trading Inc.	3	Sales revenue	52,591	120days	1.92%
1	"	"	3	Accounts receivable	6,914	"	0.27%
1	"	"	3	Purchase	4,881	60days	0.18%
1	"	"	3	Accounts payable	1,749	"	0.07%
1	"	ShenZhen HOWTEH Technology Co., Ltd.	1	Sales revenue	48,584	"	1.77%
1	"	"	1	Accounts receivable	14,725	"	0.58%
1	"	"	1	Other payables	1,696	10days	0.07%
1	"	"	1	Operating expenses	5,291	"	0.19%
1	"	HOWTEH Vietnam Co., Ltd.	3	Sales revenue	12	60days	0.00%
2	ShenZhen HOWTEH Technology Co., Ltd.	ShangHai HOWTEH International Trading Inc.	3	Sales revenue	1,488	120days	0.05%
2	"	"	3	Accounts receivable	126	"	0.01%
2	"	"	3	Purchase	48,831	60days	1.78%
2	"	"	3	Accounts payable	15,001	"	0.60%
	"	KunShan HOWTEH International Trading Inc.	3	Accounts payable	12	120days	0.00%
3	ShangHai HOWTEH International Trading Inc.	KunShan HOWTEH International Trading Inc.	3	Sales revenue	2,105	120days	0.08%
3	"	"	3	Accounts receivable	8,678	"	0.34%
3	"	"	3	Operating expenses	6,981	25days	0.25%

Note 1: The description of the number column is as follows:

(1) Issuer fill in 0.

(2) Investee companies are numbered sequentially, beginning with the Arabic numeral 1.

Note 2: There are three types of transaction relationships

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The transaction amount is calculated using total revenue or total asset ratio. In the case of balance sheet accounts, the ratio of the closing amount to the total assets is used;

In the case of income statement accounts, the ratio of cumulative amounts in the period to total revenue is used.

Note 4: The important transactions in this table shall be listed by the company in accordance with the materiality principle.

Note 5: Eliminated in the consolidated financial statements.

Attached Table 6: Information on the name and location of the invested company (excluding invested companies in Mainland China)

( In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1 、 2 )	Location	Main Business activities	Initial investment amount		Held by the company			Current gain (loss)(Note 2(2) )	Investment gain (loss)(Note 2(3))	Note
				Ending of this period	Ending of last year	Number of shares	Rate%	Carrying amount			
HOWTEH TECHNOLOGY CO., LTD.	GITEH Electronic Industries Co., Ltd.	Hong Kong	trading of electronic parts	HKD 12,000	HKD 12,000	-	100.00%	\$565,762	\$36,390	\$35,891	
HOWTEH TECHNOLOGY CO., LTD.	HOWTEH International Inc.	Samoa	Investment in Shanghai and entrepot trade	USD 1,800	USD 1,800	-	100.00%	172,740	(6,585)	(6,560)	
HOWTEH International Inc.	HOWTEH Vietnam Co., Ltd.	Vietnam	trading of electronic parts	USD 300	USD 300	-	100.00%	4,541	(1,300)	(1,300)	

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose the relevant information of the holding company.

Note 2: Except for the circumstances described in Note 1, fill in according to the following provisions:

- (1) "Investee Company" 、 "Location" 、 "Main Business activities" 、 "Initial investment amount" and "Ending of this period", the reinvestment situation of the (public offering) company and the reinvestment situation of each investee company directly or indirectly controlled should be filled in order, and the relationship between each investee company and the public offering company should be indicated in the remarks column (if it is a subsidiary or grandchild).
- (2) "Current gain (loss)", the current profit or loss amount of each investee company should be filled in.
- (3) "Investment gain (loss)", only the profit and loss amount of each subsidiary of the public offering company recognized for direct transfer investment and each investee company evaluated by the equity method must be filled in, and the remaining information is exempted.

When filling in the "Investment gain (loss)", it should be confirmed that the current profit and loss amount of each subsidiary already includes the investment profit or loss that should be recognized according to the regulations for its reinvestment.

Note 3: Eliminated in the consolidated financial statements.

Attached Table 7 : Information on investments in China

( In Thousands of New Taiwan Dollars)												
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan at the beginning of current year	Amount of investment remitted or recovered during the current period		Accumulated amount of remittance from Taiwan at the end of current year	Current profit (loss) of the invested company	Shareholding ratio of the company's investment (direct or indirect)	Investment income (loss) recognized in the current period (Note 2)	Book value of investment at the end of the period	Investment income remitted back to Taiwan as of the current period
					Remitted	Recovered						
ShangHai HOWTEH International Trading Inc.	International trade, entrepot trade, inter-enterprise trade and trade agency in the bonded zone, enterprise agency with import and export operation rights and non-bonded zone enterprises engaged in trade business, commercial simple processing in the bonded	\$50,663 (USD 1,650)	(2) HOWTEH International Inc.	\$42,987 (USD 1,400)	\$-	\$-	\$42,987 (USD 1,400)	\$(5,196)	100%	\$(5,171) (Note 2 、 (2) 、 2)	\$162,816 (Note 2 、 (2) 、 2)	None
ShenZhen HOWTEH Technology Co., Ltd.	Chemical products, rubber, plastics, metal products, electronic components, testing instruments, general parts, mechanical equipment, electronic equipment and related accessories, communication equipment and related accessories, electrical and electrical equipment and their spare parts wholesale, commission agency, import and export and related supporting business. Electronic product information consulting, economic information consulting, enterprise management consulting.	27,503 (HKD 7,000)	(2) GITEH Electronic Industries Co., Ltd.	-	-	-	-	(2,178)	100%	(2,182) (Note 2 、 (2) 、 2)	79,966 (Note 2 、 (2) 、 2)	None
KunShan HOWTEH International Trading Inc.	International trade, entrepot trade, trade and trade agency between enterprises in the bonded zone, enterprise agency with import and export operation rights and non-bonded zone enterprises engaged in trade business, commercial simple processing in the bonded zone, business consulting services in the bonded zone, etc.	9,212 (USD 300)	(1) HOWTEH TECHNOLOGY CO., LTD.	9,212 (USD 300)	-	-	9,212 (USD 300)	275	100%	275 (Note 2 、 (2) 、 2)	(7,786) (Note 2 、 (2) 、 2)	None

Accumulative amount of investment remitted from Taiwan to the mainland at the end of this period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
\$52,199 (USD1,700)	\$93,664 (USD 1,950) (HKD 8,600)	\$928,121

Note 1: Investment methods are divided into the following three types:

- (1) Direct investment in mainland China.
- (2) Reinvesting in the mainland through a third region company (please specify the investment company in the third region).
- (3) Other methods.

Note 2: In investment income (loss) recognized in the current period column:

- (1) If there is no investment profit or loss in the preparation of the company, it should be indicated.
- (2) There are three bases for recognition of investment gains and losses, which should be indicated.
  - 1.The amount recognized was based on the financial statements that were audited by a cooperative relationship with the Republic of China CPA firm.
  - 2.The amount recognized was based on the financial statements that were audited by parent company's CPA firm.
  - 3.Other °
  - 4.The difference between current profit (loss) of the investee and investment income (loss) recognized were unrealized downstream, upstream and sidestream transactions with the subsidiaries during the period.

Note 3: The figures in this table should be presented in New Taiwan Dollars at the following exchange rates:

Ending exchange rate	Average Exchange Rate :
USD=30.705	USD=30.7075
HKD=3.929	HKD=3.9335
RMB=4.327	RMB=4.3675

Note 4: Eliminated in the consolidated financial statements.

Attached Table 8 : Information on major shareholders

(Unit: one share)

major shareholders	Holding shares			
	Number of common shares	Number of special shares	Total number of shares held	Shareholding ratio
Hui Hong Investment Co., Ltd.	5,624,875	-	5,624,875	8.63%
Chen, Kuo-Hung	5,295,984	-	5,295,984	8.13%

Note 1 : This table is based on the last business day at the end of each quarter, and the total number of ordinary shares and special shares held by shareholders of the company that have completed the non-physical registration delivery (including treasury shares) reaches more than 5%. The number of shares recorded in the company's financial reports and the number of shares actually completed without physical registration may differ depending on the basis of the preparation and calculation.

Note 2 : If the above information belongs to the shareholders who deliver the shares to the trust, they will be revealed in the separate accounts of the settlor who opened a special trust account by the trustee. For insider equity declarations filed by shareholders holding more than 10% of the shares in accordance with the Securities Exchange Act, including shareholding plus shares delivered to the trust and having the right to decide on the use of trust property, please refer to the Public Observation Information Station for the reporting materials.

Note 3 : The principle of preparation of this table is to calculate the distribution of credit transaction balances from the register of securities owners (excluding securities lending) that the shareholders' temporary meeting has stopped transferring.

Note 4 : Shareholding ratio (%) = total number of shares held by the shareholder / total number of shares that have been delivered without physical registration.

Note 5 : The total number of shares (including treasury shares) that have been delivered without physical registration is 65,129,792 shares = 65,129,792 (common shares) + 0 (special shares).

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MAJOR ACCOUNTING ITEMS

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HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023

Statement 1		Expressed in thousands of New Taiwan Dollars
Item	Description	Amount
Cash on hand and petty cash		\$110
Cash in bank		
Demand deposits		197,643
Foreign currency deposits – USD	USD4,096,393.50@30.7050	125,780
Foreign currency deposits – JPY	JPY1,223,885.00@0.2172	266
Subtotal		323,689
Total		\$323,799



HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF NOTES RECEIVABLE, NET  
DECEMBER 31, 2023

### Statement 2

Expressed in thousands of New Taiwan Dollars

Client Name	Description	Amount	Note
Client A		\$173	
Client B		117	
Client C		96	
Client D		28	
Total		\$414	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2023

Statement 3

Expressed in thousands of New Taiwan Dollars

Client Name	Description	Amount	Note
General customers			
Client A		\$171,945	
Client B		69,184	
Client C		66,573	
Client D		56,247	
Client E		52,399	
Client F		42,283	
Others		<u>241,264</u>	Balance of each client has not exceeded 5% of total account balance
Subtotal		699,895	
Less: Loss allowance		<u>(14,286)</u>	
Total		<u><u>\$685,609</u></u>	
Related parties			
GITEH Electronic Industries Co.,Ltd.		\$20,399	
ShenZhen HOWTEH Technology Co., Ltd.		7,611	
ShangHai HOWTEH International Trading Inc.		3,559	
Tailyn Technologies, Inc.		<u>123</u>	
Total		<u><u>\$31,692</u></u>	

HOWTEH TECHNOLOGY CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

Statement 4

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount		Note
		Cost	Market Price	
Merchandise		\$203,807	<u>\$200,825</u>	Net realizable value
Less: Allowance for inventory valuation losses		<u>(31,244)</u>		
		<u>\$172,563</u>		

HOWTEH TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2023

Statement 5

Expressed in thousands of New Taiwan Dollars

Investee	Beginning Balance		Addition		Decrease		Ending Balance		Collateral or endorsement provided	Note
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount		
<u>Listed stock</u>										
Tailyn Technologies, Inc.	8,291,475	\$56,452	-	\$-	-	\$-	8,291,475	\$56,452	None	
Adjustments for change in value of financial assets		170,734		71,722		-		242,456		
Subtotal		<u>227,186</u>		<u>71,722</u>		<u>-</u>		<u>298,908</u>		
<u>Non-listed stock</u>										
Feedpool Technology Co., Ltd.	566,030	15,555	-	-	-	-	566,030	15,555	None	
Adjustments for change in value of financial assets		-		-		-		-		
		<u>15,555</u>		<u>-</u>		<u>-</u>		<u>15,555</u>		
Less: Accumulated impairment		<u>(15,555)</u>	-	-	-	-		<u>(15,555)</u>		
Subtotal		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		
Total		<u>\$227,186</u>		<u>\$71,722</u>		<u>\$-</u>		<u>\$298,908</u>		

HOWTEH TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

DECEMBER 31, 2023

Statement 6

Expressed in thousands of New Taiwan Dollars

Investee	Beginning Balance		Addition				Decrease		Ending Balance			Market Value or book Value		Collateral or endorsement provided	Note
	No. of shares	Amount	No. of shares	Capital increase by cash	Investment profit (loss) accounted for using equity method	Cumulative translation adjustment	No. of shares	Amount	No. of shares	Percentage of Ownership	Amount	Unit price	Total price		
GITEH Electronic Industries Co.,Ltd	-	\$532,456	-	\$-	\$35,892	\$(2,585)	-	\$-	-	100.00%	\$565,763	-	\$566,767	無	Note 1&2
HOWTEH INTERNATIONAL INC.	-	182,563	-	-	(6,560)	(3,263)	-	-	-	100.00%	172,740	-	172,772	無	Note 1&2
KunShan HOWTEH International Trading Inc.	-	(8,209)	-	-	274	148	-	-	-	100.00%	(7,787)	-	(7,787)	無	Note 2
Total		<u>\$706,810</u>		<u>\$-</u>	<u>\$29,606</u>	<u>\$(5,700)</u>		<u>\$-</u>			<u>\$730,716</u>		<u>\$731,752</u>		

Note 1: Difference between ending balance and book value pertains to unrealised sales profit or loss.

Note 2: The investment profit or loss recognized was based on the financial statements that were audited by parent company's CPA firm.

Statement 7		Expressed in thousands of New Taiwan Dollars	
Item	Description	Amount	Note
Net defined benefit asset		\$4,398	
Other non-current assets-other			
Golf club memberships		1,617	
Others		<u>2,825</u>	
Total		<u><u>\$8,840</u></u>	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF GUARANTEE DEPOSITS PAID  
DECEMBER 31, 2023

Statement 8

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount	Note
Refundable deposits			
Performance guarantee		\$46,058	
Golf club membership deposits		3,000	
Others		3,495	
Total		<u>\$52,553</u>	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF CURRENT BORROWINGS  
DECEMBER 31, 2023

Statement 9

Expressed in thousands of New Taiwan Dollars

Type of loans	Creditor	Amount	Contract period	Interest rate range	Financing limit	Collateral or endorsement provided	Note
Unsecured	FAR EASTERN INTERNATIONAL BANK	\$50,000	Each is within one year	1.950%	80,000	Note 6&8	
	Land bank of Taiwan	85,000		1.900%	100,000		
	CTBC Bank	78,000		1.800%	100,000		
	BANK SINOPAC CO.LTD.	123,000		1.940%	150,000		
	Bank of Taiwan	60,000		1.982%	100,000		
	THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	50,000		1.850%	61,410		
	Subtotal	446,000					
Secured	FIRST COMMERCIAL BANK	144,000		1.71%	144,000		
	Subtotal	144,000					
	Total	\$590,000					



HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLES  
DECEMBER 31, 2023

Statement 10

Expressed in thousands of New Taiwan Dollars

Vendor name	Description	Amount	Note
Accounts payables			
General vendors			
Vendor A		\$90,842	
Vendor B		41,028	
Vendor C		37,731	
Vendor D		10,913	
Others		12,248	Balance of each vendor has not exceeded 5% of total account balance
Total		<u>\$192,762</u>	
Related party			
GITEH Electronic Industries Co.,Ltd.		<u>\$23,434</u>	
Total		<u>\$23,434</u>	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2023

Statement 11

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount
General		
Accrued expense - bonus		\$30,256
Accrued expense - salary		12,100
Accrued expense - employees' compensation		8,000
Accrued expense - directors' remuneration		3,000
Others		<u>22,871</u>
Subtotal		<u>76,227</u>
Related party		
Tailyn Technologies, Inc.		<u>13</u>
Total		<u><u>\$76,240</u></u>

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2023

Statement 12

Expressed in thousands of New Taiwan Dollars

Item	Description	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Mainly for the use of warehouses and offices	2 to 3 years	1.87%	\$4,595	
Transportation equipment	For operation use	3 years	1.94%	3,751	
Less: Current portion				<u>(3,922)</u>	
Noncurrent portion				<u><u>\$4,424</u></u>	

HOWTEH TECHNOLOGY CO., LTD.

STATEMENT OF GUARANTEE DEPOSITS RECEIVED

DECEMBER 31, 2023

Statement 13

Expressed in thousands of New Taiwan Dollars

Item	Description	Amount	Note
Guarantee Deposits			
Performance guarantee		\$2,960	
Security deposit for rent		<u>349</u>	
Total		<u><u>\$3,309</u></u>	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 14

Expressed in thousands of New Taiwan Dollars

Item	Volume	Amount	Note
Net sales revenue			
Passive electronic components	263,677,078	\$2,050,663	
PCB board and IC substrate and equipment	7,574	<u>166,662</u>	
Subtotal		<u>2,217,325</u>	
Other operating revenue		<u>4,729</u>	
Total		<u><u>\$2,222,054</u></u>	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 15

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Beginning inventories	\$331,833	
Add: Purchases	1,900,011	
Less: Ending inventories	(203,807)	
Reclassification to operating expenses	(281)	
Inventory obsolescence	<u>(1,449)</u>	
Subtotal	2,026,307	
Less: Gain on reversal of market value	<u>(13,504)</u>	
Cost of sales	2,012,803	
Other operating costs	<u>1,644</u>	
Total operating costs	<u><u>\$2,014,447</u></u>	

HOWTEH TECHNOLOGY CO., LTD.  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement 16

Expressed in thousands of New Taiwan Dollars

Item	Selling expense	Administrative expense	Total
Wages and salaries	\$43,279	\$39,255	\$82,534
Export and import expenses	11,419	-	11,419
Insurance	7,224	2,650	9,874
Other expenses (The balance of each item has not exceeded 5% of total expenses)	<u>17,265</u>	<u>14,365</u>	<u>31,630</u>
Subtotal	<u>\$79,187</u>	<u>\$56,270</u>	135,457
Reversal of credit loss			<u>(5,483)</u>
Total			<u>\$129,974</u>