

Taitien Electronics Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taitien Electronics Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taitien Electronics Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of Sales Revenue

The revenue of the Company for the year ended December 31, 2023 had a decrease compared to revenue for the year ended December 31, 2022. In comparison with 2022, revenue derived from some major customers considerably increased. Considering that revenue recognition inherently carries a high risk of fraud and that management may be under pressure to achieve expected financial goals, we deemed the occurrence of sales revenue from major customers that meet the above indicators a key audit matter. For the relevant explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 22.

Our audit procedures for the key audit matters were as follows:

1. We obtained an understanding of the design and implementation of the internal controls related to the recognition of sales revenue, and we designed appropriate audit procedures on internal controls related to the above-mentioned major customers in order to evaluate and test the effectiveness of the design and implementation of the Company's internal controls.
2. We performed substantive tests on the revenue transactions of the above-mentioned major customers for the current year. The procedures include selecting appropriate samples verifying external transaction documents and checking subsequent collection to confirm the occurrence of sales transactions.
3. We compared the changes in revenue, gross margin rate, turnover rate of accounts receivable and credit conditions of the above-mentioned major customers and we evaluated the reasonableness of the changes.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Sheng Tai Liang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

TAITIEN ELECTRONICS CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 119,222	6	\$ 118,217	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	23,007	1	29,887	1
Financial assets at amortized cost - current (Notes 4, 9 and 10)	139,444	7	147,170	6
Notes receivable (Notes 4, 11 and 22)	148	-	1,352	-
Trade receivables (Notes 4, 11 and 22)	109,208	6	181,799	8
Trade receivables from related parties (Notes 4, 22 and 29)	56,242	3	91,843	4
Other receivables (Notes 4 and 11)	5,268	-	7,692	-
Other receivables from related parties (Notes 4 and 29)	9	-	-	-
Inventories (Notes 4 and 12)	188,365	10	244,030	11
Prepayments (Note 17)	10,048	-	10,461	1
Total current assets	<u>650,961</u>	<u>33</u>	<u>832,451</u>	<u>36</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 28)	19,951	1	10,401	1
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 30)	200	-	200	-
Investments accounted for using the equity method (Notes 4 and 13)	1,160,864	59	1,322,746	58
Property, plant and equipment (Notes 4, 14 and 31)	97,258	5	69,286	3
Right-of-use assets (Notes 4, 15 and 29)	8,965	-	12,109	1
Other intangible assets (Notes 4 and 16)	711	-	792	-
Deferred tax assets (Notes 4 and 24)	32,940	2	28,733	1
Other non-current assets (Note 17)	588	-	9,906	-
Total non-current assets	<u>1,321,477</u>	<u>67</u>	<u>1,454,173</u>	<u>64</u>
TOTAL	<u>\$ 1,972,438</u>	<u>100</u>	<u>\$ 2,286,624</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 150,000	8	\$ 184,000	8
Contract liabilities (Note 22)	4,031	-	9,727	1
Trade payables	30,527	2	28,178	1
Trade payables to related parties (Note 29)	35,656	2	66,655	3
Other payables (Note 19)	43,032	2	91,581	4
Other payables to related parties (Note 29)	565	-	679	-
Current tax liabilities (Notes 4 and 24)	18,381	1	42,790	2
Lease liabilities - current (Notes 4, 15 and 29)	2,853	-	3,285	-
Other current liabilities (Note 19)	1,950	-	2,063	-
Total current liabilities	<u>286,995</u>	<u>15</u>	<u>428,958</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	69,698	3	66,443	3
Lease liabilities - non-current (Notes 4, 15 and 29)	6,290	-	8,986	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	32,060	2	38,581	2
Total non-current liabilities	<u>108,048</u>	<u>5</u>	<u>114,010</u>	<u>5</u>
Total liabilities	<u>395,043</u>	<u>20</u>	<u>542,968</u>	<u>24</u>
EQUITY (Note 21)				
Share capital				
Ordinary shares	683,338	35	683,338	30
Capital surplus	408,346	21	408,346	18
Retained earnings				
Legal reserve	192,005	9	156,224	7
Special reserve	80,963	4	96,067	4
Unappropriated earnings	311,150	16	480,644	21
Total retained earnings	584,118	29	732,935	32
Other equity	(98,407)	(5)	(80,963)	(4)
Total equity	<u>1,577,395</u>	<u>80</u>	<u>1,743,656</u>	<u>76</u>
TOTAL	<u>\$ 1,972,438</u>	<u>100</u>	<u>\$ 2,286,624</u>	<u>100</u>

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

TAITIEN ELECTRONICS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES REVENUES (Notes 4, 22 and 29)	\$ 840,636	100	\$ 1,202,369	100
COST OF GOODS SOLD (Notes 12, 23 and 29)	<u>(640,329)</u>	<u>(76)</u>	<u>(853,489)</u>	<u>(71)</u>
GROSS PROFIT	200,307	24	348,880	29
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(7,986)	(1)	(7,304)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>7,304</u>	<u>1</u>	<u>3,147</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>199,625</u>	<u>24</u>	<u>344,723</u>	<u>29</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(55,693)	(7)	(66,221)	(6)
General and administrative expenses	(59,341)	(7)	(81,209)	(7)
Research and development expenses	(40,102)	(5)	(39,293)	(3)
Expected credit loss (gain)	<u>(2,750)</u>	<u>-</u>	<u>614</u>	<u>-</u>
Total operating expenses	<u>(157,886)</u>	<u>(19)</u>	<u>(186,109)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>41,739</u>	<u>5</u>	<u>158,614</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 23)	12,350	1	3,156	-
Other income (Notes 4, 23 and 29)	917	-	4,842	-
Other gains and losses (Note 23)	12,398	2	36,466	3
Finance costs (Notes 23 and 29)	(3,156)	-	(2,452)	-
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>43,353</u>	<u>5</u>	<u>223,098</u>	<u>19</u>
Total non-operating income and expenses	<u>65,862</u>	<u>8</u>	<u>265,110</u>	<u>22</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	107,601	13	423,724	35
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(19,425)</u>	<u>(2)</u>	<u>(64,869)</u>	<u>(5)</u>
NET PROFIT FOR THE YEAR	<u>88,176</u>	<u>11</u>	<u>358,855</u>	<u>30</u>

(Continued)

TAITIEN ELECTRONICS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	\$ 2,718	-	\$ (1,313)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 21)	(981)	-	(2,538)	(1)
Share of the other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 21)	(3,612)	-	(2,385)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>179</u>	<u>-</u>	<u>740</u>	<u>-</u>
	<u>(1,696)</u>	<u>-</u>	<u>(5,496)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 21)	(17,197)	(2)	25,920	2
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 21)	229	-	(1,482)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 21 and 24)	<u>3,395</u>	<u>-</u>	<u>(4,888)</u>	<u>-</u>
	<u>(13,573)</u>	<u>(2)</u>	<u>19,550</u>	<u>2</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(15,269)</u>	<u>(2)</u>	<u>14,054</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 72,907</u>	<u>9</u>	<u>\$ 372,909</u>	<u>31</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.29</u>		<u>\$ 5.25</u>	
Diluted	<u>\$ 1.28</u>		<u>\$ 5.17</u>	

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

(Concluded)

TAITIEN ELECTRONICS CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Shares (In Thousands)	Amount	Capital Surplus	Retained Earnings			Other Equity		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE, JANUARY 1, 2022	68,334	\$ 683,338	\$ 408,346	\$ 132,101	\$ 95,295	\$ 291,235	\$ (90,397)	\$ (5,670)	\$ 1,514,248
Appropriation of 2021 earnings (Note 21)									
Legal reserve	-	-	-	24,123	-	(24,123)	-	-	-
Special reserve	-	-	-	-	772	(772)	-	-	-
Cash dividends	-	-	-	-	-	(143,501)	-	-	(143,501)
Net profit for the year ended December 31, 2022	-	-	-	-	-	358,855	-	-	358,855
Other comprehensive income for the year ended December 31, 2022 (Notes 21 and 24)	-	-	-	-	-	(1,050)	20,736	(5,632)	14,054
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	357,805	20,736	(5,632)	372,909
BALANCE, DECEMBER 31, 2022	68,334	683,338	408,346	156,224	96,067	480,644	(69,661)	(11,302)	1,743,656
Appropriation of 2022 earnings (Note 21)									
Legal reserve	-	-	-	35,781	-	(35,781)	-	-	-
Reverse of special reserve	-	-	-	-	(15,104)	15,104	-	-	-
Cash dividends	-	-	-	-	-	(239,168)	-	-	(239,168)
Net profit for the year ended December 31, 2023	-	-	-	-	-	88,176	-	-	88,176
Other comprehensive loss for the year ended December 31, 2023 (Notes 21 and 24)	-	-	-	-	-	2,175	(13,757)	(3,687)	(15,269)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	90,351	(13,757)	(3,687)	72,907
BALANCE, DECEMBER 31, 2023	68,334	\$ 683,338	\$ 408,346	\$ 192,005	\$ 80,963	\$ 311,150	\$ (83,418)	\$ (14,989)	\$ 1,577,395

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

TAITIEN ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 107,601	\$ 423,724
Adjustments for:		
Depreciation expense	31,764	35,705
Amortization expense	565	563
Expected credit loss (gain)	2,750	(614)
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(197)	3,188
Finance costs	3,156	2,452
Interest income	(12,350)	(3,156)
Dividend income	-	(2,919)
Share of profit of subsidiaries, associates and joint ventures	(43,353)	(223,098)
Write-down of inventories	-	1,588
Unrealized gain on transactions with subsidiaries, associates and joint ventures	7,986	7,304
Realized gain on transactions with subsidiaries, associates and joint ventures	(7,304)	(3,147)
Net loss (gain) on foreign currency exchange	3,860	(7,291)
Changes in operating assets and liabilities:		
Notes receivable	1,204	(836)
Trade receivables	65,924	78,720
Trade receivables from related parties	34,430	(13,058)
Other receivables	3,781	933
Inventories	55,665	(30,730)
Prepayments	413	(9,195)
Other current assets	-	12
Contract liabilities	(5,696)	6,118
Trade payables	2,618	(21,436)
Trade payables to related parties	(29,661)	(43,958)
Other payables	(54,164)	22,731
Other payables to related parties	(95)	(2,283)
Other current liabilities	(113)	660
Net defined benefit liabilities	(3,803)	(4,288)
Cash generated from operations	164,981	217,689
Interest received	10,987	2,876
Interest paid	(3,156)	(2,452)
Income tax paid	(41,212)	(1,507)
Net cash generated from operating activities	<u>131,600</u>	<u>216,606</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(15,000)	-
Proceeds from capital reduction on financial assets at fair value through other comprehensive income	4,700	-

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TAITIEN ELECTRONICS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at amortized cost	\$ 7,726	\$ (96,364)
Purchase of financial assets at fair value through profit or loss	-	(2,764)
Proceeds from sale of financial assets at fair value through profit or loss	7,077	-
Payments for property, plant and equipment	(41,017)	(19,599)
Decrease in refundable deposits	101	-
(Increase) decrease in other receivables from related parties	(9)	25
Payments for intangible assets	(484)	(320)
Dividends received	-	2,919
Increase in prepayments for equipment	<u>(445)</u>	<u>(9,662)</u>
Net cash used in investing activities	<u>(37,351)</u>	<u>(125,765)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	50,000	39,000
Repayments of short-term borrowings	(84,000)	(35,000)
Repayment of the principal portion of lease liabilities	(3,378)	(3,067)
Cash dividends paid	(239,168)	(143,501)
Reduction of capital of subsidiaries	<u>183,744</u>	<u>-</u>
Net cash used in financing activities	<u>(92,802)</u>	<u>(142,568)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(442)</u>	<u>10,400</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,005	(41,327)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>118,217</u>	<u>159,544</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 119,222</u>	<u>\$ 118,217</u>

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

(Concluded)

TAITIEN ELECTRONICS CO., LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taitien Electronics Co., Ltd. (the “Company”), founded in March 2000, is primarily involved in the following business activities:

- a. Electronics components manufacturing
- b. Wholesale of electronic materials
- c. Retail Sale of electronic materials
- d. International trading business
- e. General instruments manufacturing
- f. Data storage media units manufacturing
- g. Other electrical engineering and electronic machinery equipment manufacturing (programmable controller).

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since April 24, 2008.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 14, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and

- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, finished goods, work in progress and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and interest earned on such financial assets are recognized in interest income; any remeasurement gains or losses on such financial assets are recognized in other gains and losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables (excluding tax refund receivable), other receivables from related parties, time deposits with original maturities over 3 months and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties; excluding income tax refund receivable), refundable deposits and financial assets at amortized cost-current and non-current).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss directly or by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of quartz crystals. Sales of quartz crystals are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprise the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of its economic environment implications on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company’s management, the accounting policies, estimates and assumptions adopted by the Company have not been subject to material accounting judgments, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2023	2022
Cash on hand	\$ 158	\$ 251
Checking accounts and demand deposits	73,006	117,966
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>46,058</u>	<u>-</u>
	<u>\$ 119,222</u>	<u>\$ 118,217</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	<u>December 31</u>	
	2023	2022
Cash in bank	0.001%-5.58%	0.001%-1.15%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2023	2022
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 23,007</u>	<u>\$ 29,887</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 16,728	\$ 7,409
Investments in debt instruments at FVTOCI	<u>3,223</u>	<u>2,992</u>
	<u>\$ 19,951</u>	<u>\$ 10,401</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 16,728</u>	<u>\$ 7,409</u>

These investments in equity instruments for Taiwan Crystal Superior Technology Co., Ltd., Yongchuang Investment, WK Technology Fund IX II Ltd. and YanTai MDH Technology Co., Ltd. are held for medium- to long-term strategic purposes and are expected to generate long-term returns. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Foreign investments		
Overseas bonds	<u>\$ 3,223</u>	<u>\$ 2,992</u>

The Company purchased the corporate bonds issued by Apple Inc. in April 2021 with a maturity date of August 20, 2060, a coupon rate of 2.55% and an effective interest rate of 2.91%.

Refer to Note 10 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a.)	<u>\$ 139,444</u>	<u>\$ 147,170</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months (a. and b.)	<u>\$ 200</u>	<u>\$ 200</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.59%-5.48% and 1.465%-4.11% per annum as of December 31, 2023 and 2022, respectively.
- b. Refer to Note 30 for information relating to financial assets at amortized cost pledged as security.
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2023

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 4,468	\$ 139,644	\$ 144,112
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	4,468	<u>\$ 139,644</u>	144,112
Adjustment to fair value	<u>(1,245)</u>		<u>(1,245)</u>
	<u>\$ 3,223</u>		<u>\$ 142,867</u>

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 4,466	\$ 147,370	\$ 151,836
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	4,466	<u>\$ 147,370</u>	151,836
Adjustment to fair value	<u>(1,474)</u>		<u>(1,474)</u>
	<u>\$ 2,992</u>		<u>\$ 150,362</u>

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate the debtors.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ <u>148</u>	\$ <u>1,352</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 112,020	\$ 181,861
Less: Allowance for impairment loss	<u>(2,812)</u>	<u>(62)</u>
	<u>\$ 109,208</u>	<u>\$ 181,799</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 3,210	\$ 5,252
Interest receivable	2,052	695
Others	<u>6</u>	<u>1,745</u>
	<u>\$ 5,268</u>	<u>\$ 7,692</u>

Notes Receivable

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable are estimated by reference to the past default records of the debtor, an analysis of the debtor's current financial position, and economic conditions. As of December 31, 2023 and 2022, the notes receivable were not overdue and the Company assessed the expected credit loss rate of notes receivable as 0%.

Trade Receivables

The average credit period of the sales of goods was 30 to 150 days, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables based on the Company's provision matrix:

December 31, 2023

	Not Overdue	Overdue within 90 Days	Overdue 91-180 Days	Overdue 181 Days	Total
Expected credit loss rate	0.00%	0.03%	3.98%	100%	
Gross carrying amount	\$ 104,753	\$ 4,328	\$ 134	\$ 2,805	\$ 112,020
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1)</u>	<u>(6)</u>	<u>(2,805)</u>	<u>(2,812)</u>
Amortized cost	<u>\$ 104,753</u>	<u>\$ 4,327</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 109,208</u>

December 31, 2022

	Not Overdue	Overdue within 90 Days	Overdue 91-180 Days	Overdue 181 Days	Total
Expected credit loss rate	0.00%	0.02%	3.62%	100%	
Gross carrying amount	\$ 167,484	\$ 12,775	\$ 1,602	\$ -	\$ 181,861
Loss allowance (Lifetime ECLs)	<u>(1)</u>	<u>(3)</u>	<u>(58)</u>	<u>-</u>	<u>(62)</u>
Amortized cost	<u>\$ 167,483</u>	<u>\$ 12,772</u>	<u>\$ 1,544</u>	<u>\$ -</u>	<u>\$ 181,799</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 62	\$ 1,105
Add: Net remeasurement of loss allowance	2,750	-
Less: Net remeasurement of loss allowance reversed	-	(614)
Less: Amounts written off	<u>-</u>	<u>(429)</u>
Balance at December 31	<u>\$ 2,812</u>	<u>\$ 62</u>

Other Receivables

The other receivables were mainly income tax refund receivable and interest receivable. The Company only transacts with counterparties with good credit ratings. The Company continues to monitor the conditions of the receivables and refers to the past default records of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since initial recognition as well as in measuring the expected credit losses. As of December 31, 2023 and 2022, the Company assessed the expected credit loss rate of other receivables as 0%.

12. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Merchandise	\$ 56,151	\$ 90,587
Finished goods	27,113	40,363
Work in progress	13,905	24,510
Raw materials and supplies	<u>91,196</u>	<u>88,570</u>
	<u>\$ 188,365</u>	<u>\$ 244,030</u>

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventories amounted to \$640,329 thousand and \$853,489 thousand, respectively, and included inventory write-downs of \$0 and \$1,588 thousand, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unlisted companies		
Indus Taitien Marketing Ltd.	\$ 86,349	\$ 80,693
Taitien Holding Co., Ltd. (Note 1)	1,000,631	1,171,925
Taitien USA, Inc.	31,114	26,863
Colorado Crystal Corporation	<u>42,770</u>	<u>43,265</u>
	<u>\$ 1,160,864</u>	<u>\$ 1,322,746</u>

The Company's proportion of ownership and voting rights percentages in subsidiaries at the balance sheet dates are as follows:

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Indus Taitien Marketing Ltd.	100%	100%
Taitien Holding Co., Ltd.	100%	100%
Taitien USA, Inc.	100%	100%
Colorado Crystal Corporation	100%	100%

Refer to Tables 4 and 5 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were recognized based on the audited financial statements for the years ended December 31, 2023 and 2022.

Note: On March 23, 2023, Taitien Holding Co., Ltd. returned the share capital of US\$6,000 thousand for its capital reduction.

14. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 47,771	\$ 202,028	\$ -	\$ 7,580	\$ 257,379
Additions	-	16,262	-	1,523	17,785
Disposals	-	(5,960)	-	(1,704)	(7,664)
Reclassified (Note)	-	3,271	-	-	3,271
Balance at December 31, 2022	<u>\$ 47,771</u>	<u>\$ 215,601</u>	<u>\$ -</u>	<u>\$ 7,399</u>	<u>\$ 270,771</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ 39,011	\$ 132,299	\$ -	\$ 5,235	\$ 176,545
Disposals	-	(5,960)	-	(1,704)	(7,664)
Depreciation expense	1,982	29,141	-	1,481	32,604
Balance at December 31, 2022	<u>\$ 40,993</u>	<u>\$ 155,480</u>	<u>\$ -</u>	<u>\$ 5,012</u>	<u>\$ 201,485</u>
Carrying amount at December 31, 2022	<u>\$ 6,778</u>	<u>\$ 60,121</u>	<u>\$ -</u>	<u>\$ 2,387</u>	<u>\$ 69,286</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 47,771	\$ 215,601	\$ -	\$ 7,399	\$ 270,771
Additions	-	38,364	1,075	7,241	46,680
Disposals	-	(2,241)	-	-	(2,241)
Reclassified (Note)	-	9,662	-	-	9,662
Balance at December 31, 2023	<u>\$ 47,771</u>	<u>\$ 261,386</u>	<u>\$ 1,075</u>	<u>\$ 14,640</u>	<u>\$ 324,872</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2023	\$ 40,993	\$ 155,480	\$ -	\$ 5,012	\$ 201,485
Disposals	-	(2,241)	-	-	(2,241)
Depreciation expense	1,981	24,492	54	1,843	28,370
Balance at December 31, 2023	<u>\$ 42,974</u>	<u>\$ 177,731</u>	<u>\$ 54</u>	<u>\$ 6,855</u>	<u>\$ 227,614</u>
Carrying amount at December 31, 2023	<u>\$ 4,797</u>	<u>\$ 83,655</u>	<u>\$ 1,021</u>	<u>\$ 7,785</u>	<u>\$ 97,258</u>

Note: Transferred from other non-current assets - prepayments for equipment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	23 years
Machinery and equipment	3-6 years
Transportation equipment	5 years
Other equipment	2-5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land	\$ 8,706	\$ 11,317
Buildings	102	508
Transportation equipment	<u>157</u>	<u>284</u>
	<u>\$ 8,965</u>	<u>\$ 12,109</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 250</u>	<u>\$ 8,226</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,611	\$ 2,369
Buildings	406	305
Transportation equipment	<u>377</u>	<u>427</u>
	<u>\$ 3,394</u>	<u>\$ 3,101</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Current	<u>\$ 2,853</u>	<u>\$ 3,285</u>
Non-current	<u>\$ 6,290</u>	<u>\$ 8,986</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Land	1.3%	1.3%
Buildings	1.3%	1.3%
Transportation equipment	1.3%-2.3%	1.3%

c. Material leasing activities and terms

The Company leases land to build its plant and buildings as staff dormitories. The lease period is 2-5 years, and the rent shall be paid according to the amount signed in the contract. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 191	\$ 492
Expenses relating to low-value asset leases	\$ 149	\$ 142
Total cash outflow for leases	<u>\$ (3,857)</u>	<u>\$ (3,845)</u>

The Company's leases of certain parking space and warehouse qualify as short-term leases and leases of certain photocopiers qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER INTANGIBLE ASSETS

	Computer Software	
	December 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 24,363	\$ 24,043
Additions	<u>484</u>	<u>320</u>
Balance at December 31	<u>\$ 24,847</u>	<u>\$ 24,363</u>
<u>Accumulated amortization</u>		
Balance at January 1	\$ 23,571	\$ 23,008
Amortization expenses	<u>565</u>	<u>563</u>
Balance at December 31	<u>\$ 24,136</u>	<u>\$ 23,571</u>
Carrying amount at January 1	<u>\$ 792</u>	<u>\$ 1,035</u>
Carrying amount at December 31	<u>\$ 711</u>	<u>\$ 792</u>

Computer software is amortized on a straight-line basis over its estimated useful life as follows:

Computer software 2-3 years

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	\$ 250	\$ 250
General and administrative expenses	<u>315</u>	<u>313</u>
	<u>\$ 565</u>	<u>\$ 563</u>

17. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Prepayments		
Prepayment for purchases	\$ 7,041	\$ 8,282
Others	<u>3,007</u>	<u>2,179</u>
	<u>\$ 10,048</u>	<u>\$ 10,461</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 445	\$ 9,662
Refundable deposits	<u>143</u>	<u>244</u>
	<u>\$ 588</u>	<u>\$ 9,906</u>

18. BORROWINGS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 150,000</u>	<u>\$ 184,000</u>

The range of interest rates on bank loans were 1.85%-1.91% and 1.39%-1.72% per annum as of December 31, 2023 and 2022, respectively.

19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 13,802	\$ 38,105
Payables for compensation of employees	9,522	32,416
Payables for equipment	5,797	134
Payable for insurance	2,238	2,419
Payables for remuneration of directors	1,904	6,946
Payables for professional service fees	1,717	1,684
Payables for pension cost	1,331	1,394
Payables for commission	781	1,138
Others	<u>5,940</u>	<u>7,345</u>
	<u>\$ 43,032</u>	<u>\$ 91,581</u>
Other current liability		
Receipts under custody	<u>\$ 1,950</u>	<u>\$ 2,063</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 99,654	\$ 111,726
Fair value of plan assets	<u>(67,594)</u>	<u>(73,145)</u>
Deficit	32,060	38,581
Asset ceiling	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 32,060</u>	<u>\$ 38,581</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 104,066</u>	<u>\$ (62,510)</u>	<u>\$ 41,556</u>
Service cost			
Current service cost	940	-	940
Net interest expense (income)	<u>520</u>	<u>(325)</u>	<u>195</u>
Recognized in profit or loss	<u>1,460</u>	<u>(325)</u>	<u>1,135</u>
Return on plan assets (excluding amounts included in net interest)	-	(4,887)	(4,887)
Actuarial gain - changes in demographic assumptions	(8,147)	-	(8,147)
Actuarial loss - experience adjustments	<u>14,347</u>	<u>-</u>	<u>14,347</u>
Recognized in other comprehensive income	<u>6,200</u>	<u>(4,887)</u>	<u>1,313</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Benefits paid	\$ -	\$ -	\$ -
Contributions from the employer	-	(5,423)	(5,423)
Balance at December 31, 2022	<u>111,726</u>	<u>(73,145)</u>	<u>38,581</u>
Service cost			
Current service cost	1,220	-	1,220
Net interest expense (income)	<u>1,536</u>	<u>(1,045)</u>	<u>491</u>
Recognized in profit or loss	<u>2,756</u>	<u>(1,045)</u>	<u>1,711</u>
Return on plan assets (excluding amounts included in net interest)	-	(475)	(475)
Actuarial loss - changes in demographic assumptions	1,923	-	1,923
Actuarial gain - experience adjustments	<u>(4,166)</u>	<u>-</u>	<u>(4,166)</u>
Recognized in other comprehensive income	<u>(2,243)</u>	<u>(475)</u>	<u>(2,718)</u>
Benefits paid	<u>(12,585)</u>	<u>12,585</u>	<u>-</u>
Contributions from the employer	-	<u>(5,514)</u>	<u>(5,514)</u>
Balance at December 31, 2023	<u>\$ 99,654</u>	<u>\$ (67,594)</u>	<u>\$ 32,060</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<u>December 31</u>	
	2023	2022
Discount rate	1.13%	1.38%
Expected rate of salary increase	2.75%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate		
0.25% increase	<u>\$ (1,923)</u>	<u>\$ (2,170)</u>
0.25% decrease	<u>\$ 1,982</u>	<u>\$ 2,238</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,917</u>	<u>\$ 2,169</u>
0.25% decrease	<u>\$ (1,870)</u>	<u>\$ (2,114)</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plans for the next year	<u>\$ 4,800</u>	<u>\$ 5,775</u>
Average duration of the defined benefit obligation	7.8 years	7.9 years

21. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Shares authorized (in thousands of shares)	<u>120,000</u>	<u>120,000</u>
Amount of shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Shares issued and fully paid (in thousands of shares)	<u>68,334</u>	<u>68,334</u>
Amount of shares issued and fully paid	<u>\$ 683,338</u>	<u>\$ 683,338</u>

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 374,069	\$ 374,069
Treasury share transactions	3,978	3,978
Employee share options	578	578
Expired share options	20	20

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May only be used to offset a deficit</u>		
Changes in equity of subsidiaries accounted for using the equity method (Note 2)	\$ 26,075	\$ 26,075
Gain on disposal of assets	<u>3,626</u>	<u>3,626</u>
	<u>\$ 408,346</u>	<u>\$ 408,346</u>
		(Concluded)

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital dividends each year).

Note 2: Such capital surplus is recognized from the changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Articles of Incorporation of the Company, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 23 (g).

The Company's dividend policy is based on the principle of stability and balance, and the Company takes into consideration the future operating and development capital needs and financial condition. Out of the dividends and bonuses distributed to shareholders in the current year, at least 50% shall be distributed as cash dividends. However, the board of directors may adjust the ratio according to the working capital needs of the current year and submit it to the shareholders in their meeting for resolution.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 16, 2023 and June 17, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 35,781	\$ 24,123
(Reverse) of special reserve	\$ (15,104)	\$ 772
Cash dividends	<u>\$ 239,168</u>	<u>\$ 143,501</u>
Cash dividends per share (NT\$)	\$ 3.50	\$ 2.10

The appropriations of earnings for 2023 and cash dividends issuance of \$0.15 per share, for a total of \$10,250 thousand from capital surplus - issuance of ordinary shares, which were proposed by the Company's board of directors on March 14, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 9,035</u>
Special reserve	<u>\$ 17,444</u>
Cash dividends	<u>\$ 58,084</u>
Cash dividends per share (NT\$)	\$ 0.85

The appropriation of earnings for 2023 and the issuance of cash dividends from the capital surplus will be resolved by the shareholders in their meeting to be held on June 13, 2024 (expected).

d. Special reserve

(1) In accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act, the special reserve shall be set aside for the net debit balance of shareholders' equity recorded in the current year. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses. (2) The special reserve is set aside and reversed in accordance with the provisions of "Questions and Answers on the Application of IFRS Accounting Standards to the special Surplus Reserve".

The special reserve recognized as of December 31, 2023 and 2022 was as follows:

	<u>December 31</u>	
	2023	2022
Listed in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act	\$ 65,513	\$ 80,617
On the Application of IFRS Accounting Standards issued by the FSC, transferred to retained earnings	<u>15,450</u>	<u>15,450</u>
	<u>\$ 80,963</u>	<u>\$ 96,067</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	<u>\$ (69,661)</u>	<u>\$ (90,397)</u>
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(17,197)	25,920
Income tax effect	<u>3,440</u>	<u>(5,184)</u>
Other comprehensive (loss) income recognized for the year	<u>(13,757)</u>	<u>20,736</u>
Balance at December 31	<u>\$ (83,418)</u>	<u>\$ (69,661)</u>

2) Unrealized valuation gain on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (11,302)	\$ (5,670)
Recognized for the year		
Unrealized gain (loss) - debt instruments	229	(1,482)
Unrealized loss - equity instruments	(981)	(2,538)
Share from subsidiaries accounted for using the equity method	(3,612)	(2,385)
Income tax effect	<u>677</u>	<u>773</u>
Other comprehensive loss recognized for the year	<u>(3,687)</u>	<u>(5,632)</u>
Balance at December 31	<u>\$ (14,989)</u>	<u>\$ (11,302)</u>

22. REVENUE

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Company is from the sale of SMD crystals and SMD oscillators. All goods are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable, trade receivables and trade receivables from related parties (Notes 11 and 29)	<u>\$ 165,598</u>	<u>\$ 274,994</u>	<u>\$ 342,322</u>
Contract liabilities - current			
Sale of goods (Note 29)	<u>\$ 4,031</u>	<u>\$ 9,727</u>	<u>\$ 3,609</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Sale of goods	<u>\$ 8,042</u>	<u>\$ 2,883</u>

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Type of goods or services		
SMD crystals	\$ 195,706	\$ 354,083
SMD oscillators	620,054	811,137
Others	<u>24,876</u>	<u>37,149</u>
	<u>\$ 840,636</u>	<u>\$ 1,202,369</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 8,006	\$ 409
Financial assets at amortized cost	3,042	1,521
Financial assets at FVTPL	1,169	1,102
Investments in debt instruments at FVTOCI	<u>133</u>	<u>124</u>
	<u>\$ 12,350</u>	<u>\$ 3,156</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Government grants	\$ -	\$ 110
Dividends	-	2,919
Others	<u>917</u>	<u>1,813</u>
	<u>\$ 917</u>	<u>\$ 4,842</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 197	\$ (3,188)
Net foreign exchange gains	<u>12,201</u>	<u>39,654</u>
	<u>\$ 12,398</u>	<u>\$ 36,466</u>

d. Finance costs

For the Year Ended December 31
2023 2022

Interest on bank loans	\$ 3,017	\$ 2,308
Interest on lease liabilities	<u>139</u>	<u>144</u>
	<u>\$ 3,156</u>	<u>\$ 2,452</u>

e. Depreciation and amortization

For the Year Ended December 31
2023 2022

Property, plant and equipment	\$ 28,370	\$ 32,604
Right-of-use assets	3,394	3,101
Intangible assets	<u>565</u>	<u>563</u>
	<u>\$ 32,329</u>	<u>\$ 36,268</u>

An analysis of depreciation by function

Operating costs	\$ 24,997	\$ 29,964
Operating expenses	<u>6,767</u>	<u>5,741</u>
	<u>\$ 31,764</u>	<u>\$ 35,705</u>

An analysis of amortization by function

Operating costs	\$ 250	\$ 250
Operating expenses	<u>315</u>	<u>313</u>
	<u>\$ 565</u>	<u>\$ 563</u>

f. Employee benefits expense

For the Year Ended December 31
2023 2022

Short-term benefits	\$ 132,548	\$ 202,903
Post-employment benefits (Note 20)		
Defined contribution plan	5,422	5,317
Defined benefit plan	1,711	1,135
Other employee benefits	23,681	24,534
Termination benefits	<u>259</u>	<u>237</u>
	<u>\$ 163,621</u>	<u>\$ 234,126</u>

An analysis of employee benefits expense by function

Operating costs	\$ 76,911	\$ 112,993
Operating expenses	<u>86,710</u>	<u>121,133</u>
	<u>\$ 163,621</u>	<u>\$ 234,126</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees at rates between 5% to 15%, and remuneration of directors at rates of no higher than 2% of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 14, 2024 and March 23, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	8.0%	7.0%
Remuneration of directors	1.6%	1.5%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 9,522	\$ -	\$ 32,416	\$ -
Remuneration of directors	1,904	-	6,946	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recognized as a change in the accounting estimate and recorded in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 36,874	\$ 67,738
Foreign exchange losses	<u>(24,673)</u>	<u>(28,084)</u>
Net foreign exchange gains	<u>\$ 12,201</u>	<u>\$ 39,654</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 14,436	\$ 39,876
Adjustments for prior years	(2,531)	(2,019)
Income tax on unappropriated earnings	<u>4,898</u>	<u>3,641</u>
	<u>16,803</u>	<u>41,498</u>
Deferred tax		
In respect of the current year	<u>2,622</u>	<u>23,371</u>
Income tax expense recognized in profit or loss	<u>\$ 19,425</u>	<u>\$ 64,869</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 107,601</u>	<u>\$ 423,724</u>
Income tax expense calculated at the statutory rate	\$ 21,520	\$ 84,745
Nondeductible expenses in determining taxable income	951	1,124
Tax-exempt income	(160)	(160)
Unrecognized deductible temporary differences	(5,253)	(22,463)
Adjustments for prior years' income tax	(2,531)	(2,019)
Income tax on unappropriated earnings	<u>4,898</u>	<u>3,642</u>
Income tax expense recognized in profit or loss	<u>\$ 19,425</u>	<u>\$ 64,869</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 3,440	\$ (5,184)
Remeasurement of defined benefit plan	(543)	263
Fair value changes of financial assets at FVTOCI	(45)	296
Share of other comprehensive income of subsidiaries accounted for using the equity method	<u>722</u>	<u>477</u>
Total income tax recognized in other comprehensive income	<u>\$ 3,574</u>	<u>\$ (4,148)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 18,381</u>	<u>\$ 42,790</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Capitalizing expenditures	\$ 174	\$ (18)	\$ -	\$ 156
Allowance loss	-	391	-	391
Unrealized loss on foreign exchange	2,587	667	-	3,254
Inventory write-downs	8,622	-	-	8,622
Unamortized fixed manufacturing overheads	1,125	413	-	1,538
Payables for annual leave	175	3	-	178
Unrealized gain on affiliated company transaction	1,482	109	-	1,591
Defined benefit obligations	8,808	(760)	(543)	7,505
Unrealized share of the other comprehensive loss of subsidiaries, associates and joint ventures	582	-	722	1,304
Fair value changes of financial assets at FVTOCI	294	-	(45)	249
Exchange differences on the translation of the financial statements of foreign operations	4,462	-	3,440	7,902
Fair value changes of financial assets at FVTPL	<u>422</u>	<u>(172)</u>	<u>-</u>	<u>250</u>
	<u>\$ 28,733</u>	<u>\$ 633</u>	<u>\$ 3,574</u>	<u>\$ 32,940</u>
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign exchange	\$ 4,486	\$ (135)	\$ -	\$ 4,351
Net gain on investments accounted for using the equity method	<u>61,957</u>	<u>3,390</u>	<u>-</u>	<u>65,347</u>
	<u>\$ 66,443</u>	<u>\$ 3,255</u>	<u>\$ -</u>	<u>\$ 69,698</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Capitalizing expenditures	\$ 303	\$ (129)	\$ -	\$ 174
Unrealized loss on foreign exchange	1,582	1,005	-	2,587
Inventory write-downs	8,304	318	-	8,622
Unamortized fixed manufacturing overheads	23	1,102	-	1,125
Payables for annual leave	151	24	-	175
Unrealized gain on affiliated company transaction	633	849	-	1,482
Defined benefit obligations	9,403	(858)	263	8,808
Unrealized share of the other comprehensive loss of subsidiaries, associates and joint ventures	105	-	477	582
Fair value changes of debt instruments at FVTOCI	-	-	294	294
Exchange differences on the translation of the financial statements of foreign operations	9,646	-	(5,184)	4,462
Fair value changes of financial assets at FVTPL	<u>208</u>	<u>214</u>	<u>-</u>	<u>422</u>
	<u>\$ 30,358</u>	<u>\$ 2,525</u>	<u>\$ (4,150)</u>	<u>\$ 28,733</u> (Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign exchange	\$ 729	\$ 3,757	\$ -	\$ 4,486
Net gain on investments accounted for using the equity method	39,818	22,139	-	61,957
Fair value changes of financial assets at FVTOCI	<u>2</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	<u>\$ 40,549</u>	<u>\$ 25,896</u>	<u>\$ (2)</u>	<u>\$ 66,443</u> (Concluded)

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	2023	2022
Deductible temporary differences		
Gain or loss on investment in subsidiaries and associates accounted for using the equity method	<u>\$ 152,895</u>	<u>\$ 156,715</u>

- f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$318,373 thousand and \$301,780 thousand, respectively.

- g. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2021.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic earnings per share	<u>\$ 1.29</u>	<u>\$ 5.25</u>
Diluted earnings per share	<u>\$ 1.28</u>	<u>\$ 5.17</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 88,176</u>	<u>\$ 358,855</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 88,176</u>	<u>\$ 358,855</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,334	68,334
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>434</u>	<u>1,035</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>68,768</u>	<u>69,369</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows for the years ended December 31, 2023 and 2022:

- As of December 31, 2023 and 2022, the unpaid amounts from the Company's acquisition of property, plant and equipment were \$5,797 thousand and \$134 thousand, respectively, and were recognized in other payables - payables for equipment.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Interest Expense	Exchange Rate	Others	
Short-term borrowings	\$ 184,000	\$ (34,000)	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Lease liabilities (Note 15)	<u>12,271</u>	<u>(3,378)</u>	<u>250</u>	<u>139</u>	<u>-</u>	<u>(139)</u>	<u>9,143</u>
	<u>\$ 196,271</u>	<u>\$ (37,378)</u>	<u>\$ 250</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ (139)</u>	<u>\$ 159,143</u>

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes			Others	Closing Balance
			New Leases	Interest Expense	Exchange Rate		
Short-term borrowings	\$ 180,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 184,000
Lease liabilities (Note 15)	<u>7,112</u>	<u>(3,067)</u>	<u>8,226</u>	<u>144</u>	<u>-</u>	<u>(144)</u>	<u>12,271</u>
	<u>\$ 187,112</u>	<u>\$ 933</u>	<u>\$ 8,226</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ (144)</u>	<u>\$ 196,271</u>

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the businesses within the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged in the current year.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

Key management personnel of the Company periodically review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	<u>\$ 23,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,007</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares in domestic market	\$ -	\$ -	\$ 16,728	\$ 16,728
Investments in debt instruments				
Foreign corporate bonds	<u>3,223</u>	<u>-</u>	<u>-</u>	<u>3,223</u>
	<u>\$ 3,223</u>	<u>\$ -</u>	<u>\$ 16,728</u>	<u>\$ 19,951</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	<u>\$ 29,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,887</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares in domestic market	\$ -	\$ -	\$ 7,409	\$ 7,409
Investments in debt instruments				
Foreign corporate bonds	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>2,992</u>
	<u>\$ 2,992</u>	<u>\$ -</u>	<u>\$ 7,409</u>	<u>\$ 10,401</u>

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 7,409
Reduction of capital reduction of investments accounted	(4,700)
Recognized in other comprehensive income	(981)
Purchase	<u>15,000</u>
Balance at December 31, 2023	<u>\$ 16,728</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 9,947
Recognized in other comprehensive loss	<u>(2,538)</u>
Balance at December 31, 2022	<u>\$ 7,409</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted (over-the-counter) company stocks held by the Company is estimated using the asset approach and the market approach. The asset approach uses the net asset value measured by the fair value of the latest financial statements of the investment target, and calculates the fair value of the stock after considering the liquidity discount parameter. The market approach uses the market transaction price of comparable companies with similar business and industrial attributes of the investment target, and calculates the fair price of the stock after considering the liquidity discount parameters.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 23,007	\$ 29,887
Financial assets at amortized cost (1)	426,674	543,265
Financial assets at FVTOCI		
Equity instruments	16,728	7,409
Debt instruments	3,223	2,992
<u>Financial liabilities</u>		
Amortized cost (2)	230,983	289,813

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables (excluding income tax refund receivable), other receivables from related parties and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term loans, trade payables, trade payables to related parties, other payables (excluding payable for salaries and bonuses, payable for compensation of employees, payable for remuneration of directors, payable for insurance and pension cost), and other payables to related parties.

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, notes payable, trade payables, borrowings and lease liabilities. The Company's corporate treasury function monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Company assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD, JPY and CNY.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 12,365 (i)	\$ 15,179 (i)	\$ (563) (ii)	\$ (444) (ii)
	CNY Impact			
	For the Year Ended December 31			
	2023	2022		
Profit or loss	\$ 5,625 (iii)	\$ 6,399 (iii)		

- i. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, financial assets at amortized cost, trade receivables and trade payables in USD that were not hedged at the end of the year.
- ii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, trade receivables and trade payables in JPY that were not hedged at the end of the year.
- iii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, financial assets at amortized cost, trade receivables and trade payables in CNY that were not hedged at the end of the year.

The above results of the Company's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the decrease in net financial assets in USD, the increase in net financial liabilities in JPY and the decrease in net financial assets in CNY.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company's bank balances, lease liabilities and borrowings are at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 185,502	\$ 147,170
Financial liabilities	124,143	196,271
Cash flow interest rate risk		
Financial assets	72,904	118,063
Financial liabilities	35,000	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates of non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$379 thousand and \$1,181 thousand, respectively, which was mainly a result of the decrease in floating assets.

c) Other price risk

The price risk of the Company's investments in mutual funds, overseas bonds and equity instruments mainly comes from the financial assets at FVTPL and financial assets at FVTOCI. The investments in mutual funds, overseas bonds and equity instruments are strategic investments, and the Company manages risks by holding low-risk portfolio products.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to fund price risk and equity instrument investment price risk at the end of year.

If fund prices had been 1% higher/lower, the pre-tax profit or loss for the years ended December 31, 2023 and 2022 would have increased/decreased by \$230 thousand and \$299 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If the fair value of overseas bonds and equity securities had been 1% higher/lower, the other comprehensive income before tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$200 thousand and \$104 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to price risk of the financial assets decreased mainly due to the change in mutual funds. The Company's sensitivity to investments in overseas bonds and equity instruments increased mainly due to the increase in equity securities held.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the accounting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The policies adopted by the Company are applicable only to transactions with reputable counterparties. Where necessary, sufficient collateral must be obtained to reduce the risk of financial losses. The Company evaluates major customers by establishing complete basic customer data files, using other publicly available financial and non-financial information, and referring to each other's past transaction records. The Company continues to monitor the credit risk insurance and the credit ratings of the counterparties and controls the credit risk through the counterparty credit limits that are reviewed and approved by the supervisor every year.

The Company will continue to evaluate the financial status of the accounts receivable customers and review the recoverable amount of the accounts receivable to ensure that the uncollectible accounts receivable have been included in the appropriate impairment loss.

The Company's concentration of credit risk by geographical locations was mainly in Asia, which accounted for 45% and 47% of the total credit risk as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities set out in (b) below.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 53,627	\$ 27,356	\$ -	\$ -	\$ -
Lease liabilities	272	543	2,137	6,382	-
Fixed interest rate liabilities	-	115,466	-	-	-
Variable interest rate liabilities	<u>35,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 88,906</u>	<u>\$ 143,365</u>	<u>\$ 2,137</u>	<u>\$ 6,382</u>	<u>\$ -</u>

Further information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 2,952</u>	<u>\$ 6,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 58,840	\$ 46,973	\$ -	\$ -	\$ -
Lease liabilities	297	595	2,529	9,175	-
Fixed interest rate liabilities	<u>-</u>	<u>115,339</u>	<u>69,454</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,137</u>	<u>\$ 162,907</u>	<u>\$ 71,983</u>	<u>\$ 9,175</u>	<u>\$ -</u>

Further information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 3,421</u>	<u>\$ 9,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ 150,000	\$ 184,000
Amount unused	<u>361,410</u>	<u>277,420</u>
	<u>\$ 511,410</u>	<u>\$ 461,420</u>

29. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in the other notes, details of transactions between the Company and related parties are as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Indus Taitien Marketing Ltd.	Subsidiary
Taitien USA, Inc.	Subsidiary
Colorado Crystal Corporation	Subsidiary
Pletronics, Inc.	Subsidiary
Taitien Electronics (Nanjing) Ltd.	Subsidiary
Taitien Electronics (Shenzhen) Ltd.	Subsidiary
Wintron Electronics Ltd.	Subsidiary
Tai Tien Asset Development Co., Ltd	Substantial related party
Tai Tien Electronic Co., Ltd.	Substantial related party

b. Revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Subsidiaries		
	Taitien Electronics (Nanjing) Ltd.	\$ 147,067	\$ 187,997
	Taitien USA, Inc.	93,471	147,773
	Others	<u>43,994</u>	<u>57,369</u>
		<u>\$ 284,532</u>	<u>\$ 393,139</u>

The sales price to related parties is calculated based on the resale price less the price difference ratio. The terms of payments are subject to the conditions of resale to a third party. The terms of payments are 45-90 days for related parties and 30-150 days for other companies.

c. Cost of goods sold

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries		
Taitien Electronics (Nanjing) Ltd.	\$ 253,047	\$ 442,448
Others	<u>21,054</u>	<u>13,203</u>
	<u>\$ 274,101</u>	<u>\$ 455,651</u>

The prices of goods purchased from related parties are determined with reference to the market price and are calculated according to the company's resale price less the price difference ratio. The terms of payments are 45-60 days for related parties and 30-150 days for other companies.

d. Contract liabilities

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Others	\$ 217	\$ -

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiaries		
	Taitien Electronics (Nanjing) Ltd.	\$ 40,165	\$ 69,150
	Taitien USA, Inc.	15,529	16,350
	Pletronics Inc.	534	6,343
	Others	14	-
		<u>\$ 56,242</u>	<u>\$ 91,843</u>
Other receivables	Subsidiaries		
	Others	\$ 9	\$ -

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties. The following table details the aging of receivables from related parties:

December 31, 2023

	Not Overdue	Overdue within 90 Days	Overdue 91-180 Days	Overdue 181 Days or More	Total
Expected credit loss rate	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 45,305	\$ 10,937	\$ -	\$ -	\$ 56,242
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	<u>\$ 45,305</u>	<u>\$ 10,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,242</u>

December 31, 2022

	Not Overdue	Overdue within 90 Days	Overdue 91-180 Days	Overdue 181 Days or More	Total
Expected credit loss rate	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 65,818	\$ 26,025	\$ -	\$ -	\$ 91,843
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	<u>\$ 65,818</u>	<u>\$ 26,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,843</u>

f. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Subsidiaries		
	Taitien Electronics (Nanjing) Ltd.	\$ 34,035	\$ 63,377
	Others	<u>1,621</u>	<u>3,278</u>
		<u>\$ 35,656</u>	<u>\$ 66,655</u>
Other payables	Subsidiaries		
	Others	<u>\$ 565</u>	<u>\$ 679</u>

The outstanding trade and other payables to related parties are unsecured.

g. Lease arrangements

Acquisition right-of-use assets

The Company leases land for a lease period of 5 years to build the plant, and the rent is paid according to the amount signed in the contract. Upon termination of the lease term, the Company shall have no preferential right to purchase the land, and it is agreed that the Company shall not sublease or transfer the leased land without the consent of the lessor.

Line Item	Related Party Category/Name	December 31	
		2023	2022
Right-of-use assets	Substantial related party Tai Tien Asset Development Co., Ltd.	<u>\$ 8,706</u>	<u>\$ 11,317</u>
Lease liabilities - current	Substantial related party Tai Tien Asset Development Co., Ltd.	<u>\$ 2,624</u>	<u>\$ 2,591</u>
Lease liabilities - non-current	Substantial related party Tai Tien Asset Development Co., Ltd.	<u>\$ 6,258</u>	<u>\$ 8,883</u>

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Substantial related party		
Others	<u>\$ 131</u>	<u>\$ 132</u>
<u>Depreciation expense</u>		
Substantial related party		
Others	<u>\$ 2,611</u>	<u>\$ 2,369</u>
<u>Lease expense</u>		
Substantial related party		
Others	<u>\$ 176</u>	<u>\$ 48</u>

The Company leases land, business premises and plant in the industrial parks from the related party, Tai Tien Asset Development Co., Ltd. and Tai Tien Electronic Co., Ltd. The terms of the lease contract are based on the general market conditions, and the monthly rent is paid before the end of each month.

h. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	December 31			
	2023		2022	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Wintron Electronics Ltd.	\$ 61,410	\$ -	\$ 61,420	\$ -
Pletronics, Inc.	30,705	-	30,710	-
Taitien USA, Inc.	<u>30,705</u>	<u>-</u>	<u>30,710</u>	<u>-</u>
	<u>\$ 122,820</u>	<u>\$ -</u>	<u>\$ 122,840</u>	<u>\$ -</u>

i. Other transactions with related parties

1) Other revenues

Related Party Line Item	Category/Name	For the Year Ended December 31	
		2023	2022
Subsidiaries			
Others	Other income	<u>\$ -</u>	<u>\$ 515</u>

2) Expenses

Related Party Line Item	Category/Name	For the Year Ended December 31	
		2023	2022
Subsidiaries			
Others	Manufacturing expense	\$ 82	\$ 196
	Selling and marketing expenses	3,698	3,859
	General and administrative expenses	315	-
	Research and development expenses	<u>283</u>	<u>90</u>
		<u>\$ 4,378</u>	<u>\$ 4,145</u>

j. Remuneration of key management personnel

The remuneration of key management personnel are as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 22,745	\$ 42,098
Post-employment benefits	<u>716</u>	<u>635</u>
	<u>\$ 23,461</u>	<u>\$ 42,733</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for business:

	December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost)	<u>\$ 200</u>	<u>\$ 200</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company as of December 31, 2023 and 2022 were as follows:

a. Unrecognized commitments were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 1,036</u>	<u>\$ 21,762</u>

b. Relocation Compensation Agreement for Subsidiary Taitien Electronics (Nanjing) Ltd.

In cooperation with Nanjing Jiangning (National) Economic and Technological Development Zone's urban planning in Jiangsu Province, China, the subsidiary Taitien Electronic (Nanjing) Ltd. entered into an agreement with the Nanjing Jiangning (National) Economic and Technological Development Zone Administrative Committee on the relocation compensation of assets such as land use rights, buildings, attachments and equipment on April 24, 2022 with a compensation amount of RMB84,913 thousand. Taitien Electronic (Nanjing) Ltd. plans to submit the relevant application and relocate before the end of May 2024.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,510	30.705 (USD:NTD)	\$ 292,014
JPY	12,901	0.217 (JPY:NTD)	2,802
CNY	27,375	4.335 (CNY:NTD)	118,678
Non-monetary items			
Investments accounted for using the equity method			
USD	37,807	30.705 (USD:NTD)	1,160,864
<u>Financial liabilities</u>			
Monetary items			
USD	1,456	30.705 (USD:NTD)	44,709
JPY	64,779	0.217 (JPY:NTD)	14,070
CNY	1,426	4.335 (CNY:NTD)	6,183

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,462	30.710 (USD:NTD)	\$ 382,713
JPY	19,719	0.232 (JPY:NTD)	4,583
CNY	29,641	4.409 (CNY:NTD)	130,702
Non-monetary items			
Investments accounted for using the equity method			
USD	43,072	30.710 (USD:NTD)	1,322,746
<u>Financial liabilities</u>			
Monetary items			
USD	2,577	30.710 (USD:NTD)	79,131
JPY	57,890	0.232 (JPY:NTD)	13,454
CNY	616	4.409 (CNY:NTD)	2,715

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$12,201 thousand and \$39,654 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of functional currencies.

33. OTHERS

Contracts have been signed for the transactions between Taitien Electronics Co., Ltd. and Taiden JP Limited, Taitien Electronics (Thailand) Co., Ltd., Zhengzhou Huajing Electronics Ltd., Shenzhen Yijing Ltd., and Henan Dali Electronics Ltd., where the transaction price, terms of payment, and other transaction conditions were laid out. The compliance test is carried out by the internal auditors on a quarterly basis. The relevant internal audit plan and implementation are reviewed by certified accountants to ensure that the Company's transactions with each company are carried out in accordance with the agreed contracts.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)

b. Information on investees (Table 4)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment in the mainland China area (Table 5).

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

TAITIEN ELECTRONICS CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/Guarantee Limit (Note 1)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taitien Electronic Co., Ltd.	Pletronics, Inc.	c.	\$ 473,219	\$ 32,270	\$ 30,705	\$ -	\$ -	1.95%	\$ 630,958	Yes	No	No	
		Taitien USA, Inc.	b.	473,219	32,270	30,705	-	-	1.95%	630,958	Yes	No	No	
		Wintron Electronics Ltd.	c.	473,219	64,540	61,410	-	-	3.89%	630,958	Yes	No	Yes	

Note 1: The total amount of the guarantees provided by Taitien Electronics Co., Ltd. to subsidiaries shall not exceed 40% of Taitien Electronics Co., Ltd.'s net worth based on its most recent audited financial statements.

Note 2: The total amount of the guarantees provided by Taitien Electronics Co., Ltd. to individual subsidiaries shall not exceed 30% of Taitien Electronics Co., Ltd.'s net worth based on its most recent audited financial statements.

Note 3: The seven types of relationships between the endorser/guarantor and endorsee/guarantee indicated as numbers in the table above are as follows:

- Having a business relationship.
- The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guarantee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsements/guarantees of the preconstruction house contract under the consumer protection law.

TAITIEN ELECTRONICS CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Maximum Number of Shares During the Period	Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Taitien Electronic Co., Ltd.	<u>Fund</u>								
	AB FCP I-Global High Yield Portfolio Class EA Shares USD	None	Financial assets at FVTPL - current	15,396	\$ 4,623	-	\$ 4,623	15,396	Note 1
	PineBridge ESG Quantitative Income and Growth Fund N9 CNY	None	Financial assets at FVTPL - current	244,990	10,802	-	10,802	244,990	Note 1
	Allianz Global Investors Income and Growth Fund	None	Financial assets at FVTPL - current	16,413	4,385	-	4,385	16,413	Note 1
	Franklin Income A (Mdis) USD	None	Financial assets at FVTPL - current	10,582	3,197	-	3,197	10,582	Note 1
	<u>Corporate bond</u>								
	Apple Inc. VI	None	Financial assets at FVTOCI - non-current	160,000	3,223	-	3,223	160,000	Note 1
	<u>Shares</u>								
	Yongchuang Investment	None	Financial assets at FVTOCI - non-current	530,000	5,501	2.53	5,501	1,000,000	Note 1
Taiwan Crystal Superior Technology Co., Ltd.	None	Financial assets at FVTOCI - non-current	275,000	-	18.33	-	275,000	Note 1	
WK Technology Fund IX II Ltd	None	Financial assets at FVTOCI - non-current	1,500,000	11,227	1.34	11,227	1,500,000	Note 1	
Taitien Electronic (Shenzhen) Ltd.	<u>Equity Investment</u>								
YanTai MDH Technology Co., Ltd	None	Financial assets at FVTOCI - non-current	762,700	1,406	1.24	1,406	762,700	Note 1	

Note 1: All of the marketable securities held are not pledged as collateral.

Note 2: For the information about subsidiaries, associates and joint ventures, refer to Table 4 and Table 5.

TAITIEN ELECTRONICS CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)	
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
<u>Purchases</u>										
Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Ltd.	Parent company	Purchases	\$ 253,047	54	Net 45-60 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	\$ (34,035)	(51)
Taitien Electronic (Shenzhen) Ltd.	Taitien Electronic (Nanjing) Ltd.	The same parent company	Purchases	147,576	96	105 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(49,384)	(97)
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic Co., Ltd.	Parent company	Purchases	147,051	31	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(40,157)	(37)
<u>Sales</u>										
Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Ltd.	Parent company	Sales	(147,067) (Note 1)	17	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	40,165 (Note 3)	24
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic (Shenzhen) Ltd.	The same parent company	Sales	(147,576)	18	105 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	49,384	29
	Taitien Electronic Co., Ltd.	Parent company	Sales	(254,245) (Note 2)	31	Net 45-60 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	34,203 (Note 4)	20

Note 1: Taitien Electronic (Nanjing) Ltd. recognized \$147,051 thousand as purchases and \$16 thousand as manufacturing costs.

Note 2: Taitien Electronic Co., Ltd. recognized \$253,047 thousand as purchases, \$978 thousand as manufacturing costs, and \$220 thousand as research and development expenses.

Note 3: Taitien Electronic (Nanjing) Ltd. recognized \$40,157 thousand as trade payables to related parties and \$8 thousand as other payables to related parties.

Note 4: Taitien Electronic Co., Ltd. recognized \$34,035 thousand as trade payables to related parties and \$168 thousand as other payables to related parties.

TAITIEN ELECTRONICS CO., LTD.

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, or Otherwise Stated)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income/ (Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount			
Taitien Electronic Co., Ltd.	Indus Taitien Marketing Ltd.	Tortola, British Virgin Islands	Holding company	\$ 7,631	\$ 7,631	50,000	100	\$ 86,349	\$ 6,925	\$ 5,770 (Note 1)	Subsidiary
	Taitien Holding Co., Ltd.	Tortola, British Virgin Islands	Holding company	468,521	652,265	14,126,824	100	1,000,631	28,250	33,081 (Note 1)	Subsidiary
	Taitien USA, Inc.	California, USA	Sales of electronics components	104,209	104,209	3,200,000	100	31,114	4,318	4,318	Subsidiary
	Colorado Crystal Corporation	Colorado, USA	Production, and sales of electronics components	78,187	78,187	385,094	100	42,770	(498)	(498)	Subsidiary
Taitien Holding Co., Ltd.	Hardy Holding Corporation	Tortola, British Virgin Islands	Holding company	426,216 (US\$ 13,881)	610,446 (US\$ 19,881)	13,880,974	100	1,003,961 (US\$ 32,697)	28,320 (US\$ 909)	28,320 (US\$ 909)	Sub-subsubsidiary
Indus Taitien Marketing Ltd.	Pletronics, Inc.	Washington state, USA	Production, and sales of electronics components	100,068 (US\$ 3,259)	100,068 (US\$ 3,259)	41,000	100	91,992 (US\$ 2,996)	7,010 (US\$ 225)	7,010 (US\$ 225)	Sub-subsubsidiary

Note 1: These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 2: For information on investments in mainland China, refer to Table 5.

Note 3: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2023: US\$1=NT\$30.7050, RMB1=NT\$4.3352; net income items denominated in foreign currencies are translated using the average exchange rate of 2023: US\$1=NT\$31.1550, RMB1=NT\$4.4240.

TAITIEN ELECTRONICS CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, current profit and loss and recognized investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and 5)	Carrying Amount as of December 31, 2023 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Taitien Electronic (Nanjing) Ltd.	Manufacturing of crystal related products and equipments	\$ 267,134 (US\$ 8,700) (Note 5)	b. 1)	\$ 452,469 (US\$ 14,736)	\$ -	\$ 184,230 (US\$ 6,000) (Note 6)	\$ 268,239 (US\$ 8,736)	\$ 19,316 (US\$ 620)	100	\$ 19,410 (US\$ 623)	\$ 638,510 (US\$ 20,795)	\$ -
Taitien Electronic (Shenzhen) Ltd.	Manufacturing of crystal related products and equipments	147,384 (US\$ 4,800)	b. 2)	159,635 (US\$ 5,199)	-	-	159,635 (US\$ 5,199)	9,627 (US\$ 309)	100	8,755 (US\$ 281)	362,165 (US\$ 11,795)	-
Wintron Electronics Ltd.	Manufacturing and selling of frequency control components, sensor components, electronic measuring instruments and machine system design	173,109 (RMB 39,931)	c.	-	-	-	-	12,294 (RMB 2,779)	100	12,294 (RMB 2,779)	189,618 (RMB 43,739)	-

2. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
\$ 427,874 (US\$ 13,935)	\$ 427,874 (US\$ 13,935)	\$ 946,437

Note 1: The method of investment includes the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region.
 - 1) Taitien Electronic (Nanjing) Ltd. was invested through Hardy Holding Corporation.
 - 2) Taitien Electronic (Shenzhen) Ltd. was invested through Hardy Holding Corporation.
- c. Other method.

Wintron Electronics Ltd. was invested through Taitien Electronic (Shenzhen) Ltd.

(Continued)

Note 2: The method of the investment income (loss) recognition includes the following:

- a. The basis for investment income (loss) recognition is from the financial statements audited and attested by the parent company's CPA in the ROC.
- b. These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 3: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2023: US\$1=NT\$30.7050, RMB1=NT\$4.3352; net income items denominated in foreign currencies are translated using the average exchange rate of 2023: US\$1=NT\$31.1550, RMB1=NT\$4.4240.

Note 4: Calculated by the 60% of consolidated net worth according to letter No. 09704604680 issued by Ministry of Economic Affairs.

Note 5: In March 2023, the paid-in capital of Hardy Holding Corporation will increase by US\$6,000 thousand. The reason for the difference between the paid-in capital is that Taitien Electronic (Nanjing) Ltd. will conduct cash capital reduction amounting to US\$6,000 thousand back to shareholder Hardy Holding Corporation agreed by the board of directors on November 10, 2022. Received the notice of registration documents approved by the Bureau of Nanjing Jiangning municipal administration for market regulation on January 10, 2023. Taitien Electronic (Nanjing) Ltd. remitted the capital to Hardy Holding Corporation in March 2023.

Note 6: On May 29, 2023, as approved by the Investment Review Committee of the Ministry of Economic Affairs, Taitien Electronic (Nanjing) Ltd. will conduct a cash capital reduction of US\$6,000 thousand and repatriate the amount to Hardy Holding Corporation and the Company in accordance with the investment structure, which was used to offset the cumulative amount of investment in China.

(Concluded)

TAITIEN ELECTRONICS CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. There were the amounts and percentages of the purchases, also the amounts and percentages displayed in the ending balance of the related payables.
2. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables.

Related Party	Transaction Type	Amount	% to Total Sales or Purchases	Transaction Details			Notes Receivable (Payable)/ Trade Receivables (Payables)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Taitien Electronic (Nanjing) Ltd.	Sales	\$ (147,067)	(17)	Price set based resale deducting spread rate	Net 45-90 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	\$ 40,165	24	\$ 1,978
	Purchases	253,047	54	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(34,035)	(51)	1,206
Taitien Electronic (Shenzhen) Ltd.	Purchases	4,080	1	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(1,184)	(2)	19
Wintron Electronics Ltd.	Sales	(588)	-	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	15	-	-
	Purchases	7,778	2	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(383)	(1)	70

3. There was no other information relating to the amount and the profits/losses incurred from the proceeds from property transactions.
4. Refer to Table 1 for information relating to the ending balance and purposes of notes endorsements/guarantees or the collaterals provided.
5. There was no other information relating to the maximum balance and ending balance of financing facility, the rate intervals and the gross amounts of interest in the period.
6. There was no other transaction that had a significant impact on the gains or losses for the period, such as the rendering or receipt of services.

TABLE 7**TAITIEN ELECTRONICS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Tai Song	9,800,618	14.34
Jia Yu Investment Corp.	7,283,636	10.65

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to the Market Observation Post System.

TAITIEN ELECTRONICS CO., LTD.

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TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Cash		
NTD		\$ 158
Bank deposits		
Checking accounts		302
Demand deposits		6,760
Foreign deposits	Including US\$1,719 thousand @30.705, JPY12,835 thousand @0.217, HK\$9 thousand @3.929, EUR186 thousand @33.98, CNY928 thousand @4.335	65,944
Cash equivalents (investments with original maturities of less than 3 months)		<u>46,058</u>
		<u>\$ 119,222</u>

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name of Financial Instruments	Summary	Number of Shares	Cost of Acquisition	Fair Value	
				Unit Price	Total Amount
Financial assets mandatorily classified as at fair value through profit or loss					
Mutual fund - beneficiary certificates	AB FCP I-Global High Yield Portfolio Class EA Shares USD	15,396	\$ 5,696	300.2949	\$ 4,623
	PineBridge ESG Quantitative Income and Growth Fund N9 CNY	244,990	10,932	44.0895	10,802
	Allianz Global Investors Income and Growth Fund	16,413	5,002	267.1335	4,385
	Franklin Income A (Mdis) USD	10,582	<u>3,373</u>	302.1372	<u>3,197</u>
			<u>\$ 25,003</u>		<u>\$ 23,007</u>

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Current		
USD	US\$2,000 @30.705 with interest rates of 5.48%	\$ 61,410
CNY	CNY18,000 @4.335 with interest rates of 2.05%-3.00%	<u>78,034</u>
		<u>\$ 139,444</u>
Non-current		
Restricted time deposits	Restricted time deposits with interest rate of 1.59%	<u>\$ 200</u>

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount
RUBY TECH CORPORATION	Domestic sales	\$ 95
COSMOPOLITAN ELECTRIC INDUSTRY CO., LTD.	Domestic sales	<u>53</u>
		<u>\$ 148</u>

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Summary	Amount
Unrelated parties		
Wistron NeWeb Corporation	Domestic sales	\$ 10,732
INGRASYS TECHNOLOGY INC.	Domestic sales	10,693
Wistron InfoComm (Chengdu) Co, Ltd	Domestic sales	7,567
SerNet (Suzhou) Technologies Corporation	Domestic sales	5,364
Acal BFi Central Procurement UK Limited	Domestic sales	5,186
Others (Note)	Domestic sales	<u>72,478</u>
		112,020
Less: Allowance for doubtful accounts		<u>(2,812)</u>
		<u>\$ 109,208</u>
Related parties		
Taitien Electronics (Nanjing) Ltd.		\$ 40,165
Taitien USA, Inc.		15,529
Others (Note)		<u>548</u>
		<u>\$ 56,242</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value (Note)
Merchandise	\$ 69,685	\$ 56,151
Finished goods	41,632	27,113
Work in progress	13,920	13,905
Raw materials	104,965	90,121
Supplies	<u>1,271</u>	<u>1,075</u>
	231,473	<u>\$ 188,365</u>
Loss: Allowance for decline in value of inventories	<u>(43,108)</u>	
	<u>\$ 188,365</u>	

Note: The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale (including inventory obsolescence losses).

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Prepayments	Payment in advance	\$ 7,041
	Prepaid insurance	680
	Prepaid sales tax	1,892
	Others (Note)	<u>435</u>
		<u>\$ 10,048</u>

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name	Summary	Balance, January 1, 2023		Addition		Decrease		Others (Notes 1 and 2)	Balance, December 31, 2023	
		Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares (Note 3)	Amount		Number of Shares	Fair Value
Domestic investment										
Unlisted shares	Yong Chuang Investment Corporation	1,000,000	\$ 7,409	-	\$ -	(470,000)	\$ (4,700)	\$ 2,792	530,000	\$ 5,501
	Taiwan Crystal Superior Technology Corporation	275,000	-	-	-	-	-		275,000	-
	WK Technology Fund IX II Ltd	-	-	1,500,000	15,000	-	-	(3,773)	1,500,000	11,227
			7,409		15,000		(4,700)	(981)		16,728
Foreign Investment										
Corporate bonds	Apple Inc.	160,000	2,992	-	-	-	-	231	160,000	3,223
			<u>\$ 10,401</u>		<u>\$ 15,000</u>		<u>\$ (4,700)</u>	<u>\$ (750)</u>		<u>\$ 19,951</u>

Note 1: Unrealized loss on investments in equity instruments at fair value through other comprehensive income.

Note 2: Unrealized gain on investments in debt instruments at fair value through other comprehensive income of \$229 thousand, unrealized exchange loss of \$(4) thousand and amortization of interest income of \$6 thousand.

Note 3: The decrease in the amount in the current year was due to the return of \$4,700 thousand from the capital reduction of the investment target.

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

	Balance, January 1, 2023		Addition		Decrease		Using the Equity Method			Balance, December 31, 2023			Market Price or Net Equity Value		Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount (Note 3)	Investment (Loss) Income (Note 1)	Exchange Differences	Others (Note 2)	Number of Shares	Ownership %	Amount	Unit Price	Total Amount	
Taitien Holding Co., Ltd.	20,126,824	\$ 1,171,925	-	\$ -	(6,000,000)	\$ (183,744)	\$ 33,081	\$ (17,019)	\$ (3,612)	14,126,824	100	\$ 1,000,631	71.26	\$ 1,006,691	None
Indus Taitien Marketing Ltd.	50,000	80,693	-	-	-	-	5,770	(114)	-	50,000	100	86,349	1,860.77	93,039	None
Taitien USA, Inc.	3,200,000	26,863	-	-	-	-	4,318	(67)	-	3,200,000	100	31,114	9.72	31,114	None
Colorado Crystal Corporation	385,094	43,265	-	-	-	-	(498)	3	-	385,094	100	42,770	69.98	26,949	None
		<u>\$ 1,322,746</u>		<u>\$ -</u>		<u>\$ (183,744)</u>	<u>\$ 42,671</u>	<u>\$ (17,197)</u>	<u>\$ (3,612)</u>			<u>\$ 1,160,864</u>		<u>\$ 1,157,793</u>	

Note 1: These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 2: Including the amount of \$(3,612) thousand of share of the other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method.

Note 3: The decrease in the amount in the current year was due to the return of \$183,744 thousand from the capital reduction of the investment target.

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2023	Addition	Decrease	Balance at December 31, 2023	Note
Land	\$ 19,332	\$ -	\$ -	\$ 19,332	
Buildings	813	-	-	813	
Transportation equipment	<u>1,282</u>	<u>250</u>	<u>(1,282)</u>	<u>250</u>	
	<u>\$ 21,427</u>	<u>\$ 250</u>	<u>\$ (1,282)</u>	<u>\$ 20,395</u>	

TAITIEN ELECTRONICS CO., LTD.

**STATEMENT OF ACCUMULATED DEPRECIATION OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2023	Addition	Decrease	Balance at December 31, 2023	Note
Land	\$ 8,015	\$ 2,611	\$ -	\$ 10,626	
Buildings	305	406	-	711	
Transportation equipment	<u>998</u>	<u>377</u>	<u>(1,282)</u>	<u>93</u>	
	<u>\$ 9,318</u>	<u>\$ 3,394</u>	<u>\$ (1,282)</u>	<u>\$ 11,430</u>	

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Refundable deposits	Deposits for agent for stock affairs and lease deposits	\$ 143
Prepayments for equipment		<u>445</u>
		<u>\$ 588</u>

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Type of Borrowing	Description	Balance, End of Year	Contract Period	Interest Rate (%)	Loan Commitment	Collateral or Guarantee
Bank loans						
Unsecured loans	ChinaTrust Commercial Bank	\$ 31,000	2023.12.07-2024.03.06	1.85	\$ 150,000	None
Unsecured loans	ChinaTrust Commercial Bank	30,000	2023.12.07-2024.03.06	1.85	150,000	None
Unsecured loans	ChinaTrust Commercial Bank	9,000	2023.12.07-2024.03.06	1.85	150,000	None
Unsecured loans	ChinaTrust Commercial Bank	30,000	2023.12.07-2024.03.06	1.85	150,000	None
Unsecured loans	ChinaTrust Commercial Bank	15,000	2023.12.07-2024.03.06	1.85	150,000	None
Unsecured loans	Chang Hwa Commercial Bank	<u>35,000</u>	2023.12.28-2024.01.02	1.91	170,000	None
		<u>\$ 150,000</u>				

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Summary	Amount
Unrelated parties		
ZENITRON CORPORATION	Purchase payables	\$ 6,510
Citizen Finedevice Co., Ltd.	"	5,314
NANJING AEON COMMUNICATION TECHNOLOGIES LIMITED	"	2,105
Mikasa Corporation	"	1,771
TAI-SAW TECHNOLOGY CO., LTD.	"	2,865
KVG Corporation	"	1,600
Glacier Corporation	"	4,920
Others (Note)	"	<u>5,442</u>
		<u>\$ 30,527</u>
Related parties		
Taitien Electronics (Nanjing) Ltd.	Purchase payables	\$ 34,035
Others (Note)	"	<u>1,621</u>
		<u>\$ 35,656</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, End of Year	Note
Land	Land in Shude St.	2017.05.01-2027.04.30	1.30%	\$ 8,882	
Buildings	Dormitory	2022.04.01-2024.03.31	1.30%	103	
Transportation equipment	Mainly used for company cars	2023.03.31-2025.03.30	2.30%	<u>158</u>	
				<u>\$ 9,143</u>	

TAITIEN ELECTRONICS CO., LTD.

**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Excluding Weight and Average Unit Price)

Item	Quantity	Amount
SMD crystals	89,823 thousand	\$ 195,706
SMD oscillators	25,916 thousand	620,054
Others		<u>24,876</u>
		<u>\$ 840,636</u>

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 98,808
Add: Raw material purchased	135,629
Transferred from work in progress	50,244
Less: Raw material, end of year	(104,965)
Used by research and development department	(2,390)
Cost of raw materials sold	<u>(8,723)</u>
Raw materials used	<u>168,603</u>
Supplies, beginning of year	2,865
Add: Supplies purchased	19,654
Less: Supplies, end of year	(1,271)
Used by research and development department	(19)
Cost of supplies sold	<u>(9)</u>
Supplies used	<u>21,220</u>
Direct labor	38,517
Manufacturing expense	<u>80,013</u>
Manufacturing cost	308,353
Work in progress, beginning of year	24,510
Add: Transferred from finished goods	192,414
Less: Work in progress, end of year	(13,920)
Transferred to raw materials	<u>(50,244)</u>
Cost of finished goods	461,113
Finished goods, beginning of year	56,760
Less: Finished goods, end of year	(41,632)
Transferred to work in progress	(192,414)
Transferred to sample expense	(1,886)
Used by research and development department	<u>(68)</u>
Cost of production	<u>281,873</u>
Merchandise inventories, beginning of year (including inventories in transit)	104,195
Add: Merchandise inventories purchased	313,282
Less: Merchandise inventories, end of year	(69,685)
Used by research and development department	(1,973)
Transferred to sample expense	<u>(630)</u>
Cost of merchandise sold	<u>345,189</u>
Add: Raw materials and supplies sold	8,732
Under-applied manufacturing overhead	7,692
Less: Revenue from sale of scraps	<u>(3,157)</u>
Cost of goods sold, total	<u>\$ 640,329</u>

TAITIEN ELECTRONICS CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll expense (Note 1)	\$ 24,600	\$ 28,730	\$ 17,968
Commission expense	6,442	-	-
Professional fees	489	7,805	22
Depreciation expense	719	2,011	4,037
Experimental supplies	-	-	10,182
Others (Note 2)	<u>23,443</u>	<u>20,795</u>	<u>7,893</u>
	<u>\$ 55,693</u>	<u>\$ 59,341</u>	<u>\$ 40,102</u>

Note 1: Including payroll expenses and remuneration of directors.

Note 2: The balance of each individual item included in others does not exceed 5% of the account balance.

TAITIEN ELECTRONICS CO., LTD.

STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 61,250	\$ 68,944	\$ 130,194	\$ 95,761	\$ 100,133	\$ 195,894
Labor and health insurance	8,506	7,669	16,175	8,746	6,997	15,743
Pension	2,887	4,246	7,133	2,742	3,710	6,452
Directors' remuneration	-	2,354	2,354	-	7,246	7,246
Termination benefits	-	259	259	-	-	-
Others	4,268	3,238	7,506	5,744	3,047	8,791
	<u>\$ 76,911</u>	<u>\$ 86,710</u>	<u>\$ 163,621</u>	<u>\$ 112,993</u>	<u>\$ 121,133</u>	<u>\$ 234,126</u>
Depreciation expense	<u>\$ 24,997</u>	<u>\$ 6,767</u>	<u>\$ 31,764</u>	<u>\$ 29,964</u>	<u>\$ 5,741</u>	<u>\$ 35,705</u>
Amortization expense	<u>\$ 250</u>	<u>\$ 315</u>	<u>\$ 565</u>	<u>\$ 250</u>	<u>\$ 313</u>	<u>\$ 563</u>

Note:

- The average number of the Company's employees was 218 and 227 in 2023 and 2022, respectively. There were 7 and 6 non-employee directors, respectively.
- Average employee labor costs for the years ended December 31, 2023 and 2022 were \$764 thousand and \$1,027 thousand, respectively.
- Average salary for the years ended December 31, 2023 and 2022 was \$617 thousand and \$886 thousand, respectively.
- Change in average employee salary and bonus was (30.4)%.
- The Company did not have supervisors for the years ended December 31, 2023 and 2022.
- The Company's compensation policies:
 - Earnings distribution plan according to the Company's Articles of Incorporation

If the Company records a profit in a year, the Company shall set aside 5%-15% of the profit for employee's remuneration, which shall be distributed in shares or cash by resolution of the board of directors and rates of no higher than 2% of the above mentioned profit for directors' remuneration which shall be resolved by the board of directors. Distribution plan for employees' and directors' remuneration shall be presented to the Company's shareholders meeting. If the Company has accumulated deficits, it shall reserve the amount of compensation in advance, and then allocate the compensation of employees and remuneration of directors in accordance with the aforementioned ratio.

- The Company's policy on the payment of remuneration to directors, managers and employees
 - The remuneration of the directors of the Company is determined based on the distribution standards specified in the Articles of Incorporation of the Company, and based on the Company's operating performance with reference to industry standards.
 - The remuneration of the Company's managers and employees, including salaries, bonuses, and employee remuneration, is handled in accordance with the Company's personnel regulations and salary related regulations based on personal performance and operational contribution; the remuneration of managers shall be submitted to the Remuneration Committee for deliberation and approval before being submitted to the board of directors for resolution.