Stock code：1730

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Financial Statements
for the Years Ended December 31, 2023 and 2022
and Independent Auditors’ Report

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Representation Letter

The entities that are required to be included in the combined financial statements of Farcent Enterprise Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 *Consolidated Financial Statements*. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Farcent Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Farcent Enterprise Co., Ltd.
By

Tsai, Hsin-Hsin

Tsai, Hsin-Hsin
Chairman

February 26, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Farcent Enterprise Co., Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

1. Impairment of goodwill

Description of key audit matters

The goodwill of the Group was generated by the merger and acquisition transaction. As of December 31, 2023, the goodwill amounted to NT$ 45,753 thousand. According to IAS No. 36 “Impairment of Assets”, the goodwill impairment assessment test should be conducted annually. When assessing whether the goodwill is impaired or not, the management needs to estimate the cash-generating unit’s operating cash flow that may arise in the future and determine the appropriate discount rate to calculate the recoverable amount. Since these key assumptions involve subjective judgment of management and may be affected by future market or economy, there is a high degree of uncertainty over the estimates. Consequently, the goodwill impairment assessment arised from investments in subsidiaries is identified as a key audit matter for our audit.

How our audit addressed the matter

We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

(1) Evaluate the professional competence, suitability, and objectivity of the independent appraiser appointed by the management to assist in performing impairment testing, and verify the qualifications of the appraiser. Discuss with the management the scope of work of the appraiser and review the appointment conditions to confirm that there are no issues affecting their objectivity or limiting their scope of work. Also, ensure that the methods used by the appraiser are in compliance with International Accounting Standards and industry norms.

(2) Understand the process and basis of the management's estimation of the forecasted sales growth rate and profit margin for future business prospects.

(3) Seek assistance from external appraisal experts to evaluate the reasonableness of major assumptions used in the model, such as expected growth rates and discount rates. The procedures include:

(i) Comparing the expected growth rate used with historical results, economic and industry forecasts, to determine if it is appropriate.

(ii) Comparing the discount rate used with assumptions on the capital cost of cash-generating units and similar asset returns rate to determine if it is appropriate.

(iii) Checking the settings of the appraisal model parameters and calculation formulas for any inconsistencies or errors.

(iv) Evaluating the sensitivity analysis of future cash flows performed by the management using different assumptions of expected growth rates, to confirm whether the management has appropriately addressed the potential impact of estimation uncertainty on impairment testing.

(4) Inquire the management and review the audit evidence obtained from the subsequent events audit procedures to identify any issues related to impairment testing after the reporting date.

2. Recognition of Revenue

Description of key audit matters

For certain sales of the Group's allowances, returns, or channel fees may need to be provided to customers based on the terms of the sales contract. Considering that the calculation of sales allowances, returns, or channel fees is complex and that the recognition of revenue includes deducting the discounts, returns, and channel fees of the sales customers when measuring revenue, our auditor believes that the recognition of revenue by the Group's is one of the key audit matters for the current year.

How our audit addressed the matter

We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

(1) Assess the correctness of the accounting policy for revenue recognition (including sales allowances, returns, and channel fees).

(2) Obtain relevant customer sales contract terms, test the channel fees to be paid to customers according to the sales contract provisions, and obtain internal data estimated in the previous year to assess whether the estimated amount calculated by management has significant abnormalities.

(3) Test the internal controls related to the sales and collection cycle and financial reporting, including selecting vouchers before and after the balance sheet date to confirm the appropriate cutoff of recorded sales, sales returns, and allowances.

(4) Perform trend analysis for revenue from the top ten sales customers and each product category, comparing actual figures with relevant changes and differences from the same period last year to assess whether there are significant abnormalities.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financia1 statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other matter

Farcent Enterprise Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the year then ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

The engagement partners on the audit resulting in this independent auditors' report are Song Shu Lin and Ya Quan Zhang.

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)

February 26, 2024

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 12)	$ 867,922	34	$ 764,465	29
Financial assets at amortized cost – current (Notes 4, 6 and 12)	76,028	3	33,910	1
Notes receivable, net (Notes 4, 6 and 12)	6,682	-	4,390	-
Accounts receivable, net (Notes 4, 6, 7 and 12)	519,205	20	536,219	21
Other receivables (Notes 4, 7 and 12)	337	-	1,300	-
Current tax asset (Notes 4 and 6)	615	-	679	-
Inventories (Notes 4 and 6)	354,996	14	480,968	19
Prepayments (Note 6)	19,178	1	28,400	2
Other current assets (Notes 4, 6 and 12)	6,491	-	4,262	-
Total current assets	1,851,454	72	1,854,593	72
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 6 and 13)	108,472	4	101,955	4
Property, plant and equipment (Notes 4, 6 and 8)	498,003	19	517,748	20
Right-of-use assets (Notes 4 and 6)	17,841	1	23,647	1
Intangible assets (Notes 4, 5 and 6)	68,229	3	84,424	3
Other noncurrent assets (Notes 4, 6, 8 and 12)	12,085	1	11,341	-
Total noncurrent assets	704,630	28	739,115	28
TOTAL ASSETS	$ 2,556,084	100	$ 2,593,708	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss – current (Notes 4, 6 and 12)	$ 1,028	-	$ 27	-
Accounts payable (Notes 4, 6, 7 and 12)	226,244	9	196,226	8
Other payables (Notes 4, 6 and 12)	265,417	10	298,160	11
Current tax liabilities (Notes 4 and 6)	35,276	1	26,401	1
Lease liabilities – current (Notes 4, 6 and 12)	4,626	-	5,400	-
Other current liabilities (Notes 4, 6, 8 and 12)	15,509	1	27,141	1
Total current liabilities	548,100	21	553,355	21
NONCURRENT LIABILITIES				
Long-term loans (Notes 4, 6, 8 and 12)	21,329	1	88,547	3
Deferred income tax liabilities (Notes 4 and 6)	175	-	182	-
Lease liabilities – noncurrent (Notes 4, 6 and 12)	1,239	-	5,628	-
Net defined benefit liabilities – noncurrent (Notes 4 and 6)	16,432	1	17,181	1
Other noncurrent liabilities (Notes 4, 6 and 12)	3,756	-	13,110	1
Total noncurrent liabilities	42,931	2	124,648	5
TOTAL LIABILITIES	591,031	23	678,003	26
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4 and 6)				
Share capital				
Ordinary shares	632,339	25	632,339	24
Capital surplus	234,657	9	234,657	9
Retained earnings				
Legal reserve	315,221	12	289,122	11
Special reserve	43,093	2	68,062	3
Unappropriated retained earnings	665,131	26	625,188	24
	1,023,445	40	982,372	38
Other equity				
Exchange differences on translation of foreign financial statements	(51,201)	(2)	(43,093)	(1)
	(51,201)	(2)	(43,093)	(1)
Total equity attributable to owners of the parent	1,839,240	72	1,806,275	70
Non-controlling interests	125,813	5	109,430	4
TOTAL EQUITY	1,965,053	77	1,915,705	74
TOTAL LIABILITIES AND EQUITY	$ 2,556,084	100	$ 2,593,708	100

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated 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	%
Operating revenue (Notes 4, 6, 7 and 14)	$ 2,616,248	100	$ 2,784,615	100
Operating costs (Notes 4, 6 and 7)	(1,376,194)	(53)	(1,514,705)	(54)
Gross profit from operations	1,240,054	47	1,269,910	46
Unrealized gross profit from sale	(4,396)	-	(13,840)	-
Realized profit from sale	10,343	-	11,718	-
Gross profit from operations, net	1,246,001	47	1,267,788	46
Operating expenses (Notes 4, 6, 7 and 14)				
Marketing expenses	(767,845)	(29)	(772,263)	(28)
General and administrative expenses	(139,420)	(5)	(126,167)	(5)
Research and development expenses	(37,422)	(1)	(45,830)	(1)
Total operating expenses	(944,687)	(35)	(944,260)	(34)
NET OPERATING INCOME	301,314	12	323,528	12
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 6)	9,791	-	8,281	-
Interest income (Note 14)	9,926	-	4,347	-
Other income (Note 7)	11,410	1	11,627	-
Finance costs (Notes 4, 6 and 14)	(1,300)	-	(2,066)	-
Other losses	(17)	-	(141)	-
Losses on disposal of Property, plant and equipment (Note 4)	(36)	-	(702)	-
Foreign exchange loss, net (Notes 4 and 12)	(1,725)	-	(1,306)	-
Net loss on financial asset at fair value through profit or loss (Note 4)	(1,001)	-	(20)	-
Total non-operating income and expenses	27,048	1	20,020	-
INCOME BEFORE INCOME TAX	328,362	13	343,548	12
INCOME TAX EXPENSE (Notes 4 and 6)	(68,676)	(3)	(65,982)	(2)
NET INCOME	259,686	10	277,566	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Notes 4 and 6)	(211)	-	7,581	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations (Notes 4 and 6)	(8,314)	-	25,414	1
Other comprehensive income for the year, net of income tax	(8,525)	-	32,995	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 251,161	10	$ 310,561	11
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 230,986		$ 253,404	
Non-controlling interests	28,700		24,162	
	$ 259,686		$ 277,566	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 222,667		$ 285,953	
Non-controlling interests	28,494		24,608	
	$ 251,161		$ 310,561	
EARNINGS PER SHARE (NT$)(Note 6)	Amount		Amount	
Basic earnings per share	$ 3.65		$ 4.01	

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
	Capital Stock	Capital surplus	Retained earnings			Other equity			
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	differences on translation of foreign financial statements	Total	Non-controlling interests	Total Equity
Balance, January 1, 2022	$ 632,339	$ 234,657	$ 262,971	$ 38,283	$ 609,835	$ (68,061)	$ 1,710,024	$ 96,018	$ 1,806,042
Appropriations of earnings：									
Legal reserve	-	-	26,151	-	(26,151)	-	-	-	-
Special reserve	-	-	-	29,779	(29,779)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	(189,702)	-	(189,702)
Net profit for 2022	-	-	-	-	253,404	-	253,404	24,162	277,566
Other comprehensive income (loss),net of tax, for 2022	-	-	-	-	7,581	24,968	32,549	446	32,995
Total comprehensive income (loss) for 2022	-	-	-	-	260,985	24,968	285,953	24,608	310,561
Cash dividends on ordinary shares of subsidiaries	-	-	-	-	-	-	-	(11,196)	(11,196)
Balance, December 31, 2022	$ 632,339	$ 234,657	$ 289,122	$ 68,062	$ 625,188	$ (43,093)	$ 1,806,275	$ 109,430	$ 1,915,705
Balance, January 1, 2023	$ 632,339	$ 234,657	$ 289,122	$ 68,062	$ 625,188	$ (43,093)	$ 1,806,275	$ 109,430	$ 1,915,705
Appropriations of earnings：									
Legal reserve	-	-	26,099	-	(26,099)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	(189,702)	-	(189,702)
Reversal special reserve	-	-	-	(24,969)	24,969	-	-	-	-
Net profit for 2023	-	-	-	-	230,986	-	230,986	28,700	259,686
Other comprehensive income (loss),net of tax, for 2023	-	-	-	-	(211)	(8,108)	(8,319)	(206)	(8,525)
Total comprehensive income (loss) for 2023	-	-	-	-	230,775	(8,108)	222,667	28,494	251,161
Cash dividends on ordinary shares of subsidiaries	-	-	-	-	-	-	-	(12,111)	(12,111)
Balance, December 31, 2023	$ 632,339	$ 234,657	$ 315,221	$ 43,093	$ 665,131	$ (51,201)	$ 1,839,240	$ 125,813	$ 1,965,053

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated 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		
Profit from continuing operations before tax	$ 328,362	$ 343,548
Adjustments :		
Depreciation expense	36,321	37,361
Amortization expense	17,414	19,162
Expected credit loss	4,468	57
Net loss on financial assets and liabilities at fair value through profit of loss	1,001	20
Finance costs	1,300	2,066
Interest income	(9,926)	(4,347)
Share of profit of associates and joint ventures accounted for using equity method	(9,791)	(8,281)
Loss on disposal of Property, plant and equipment	36	702
Unrealized gross profit from sale	4,396	-
Realized profit from sale	(10,343)	-
Changes in operating assets		
Increase in notes receivable	(2,292)	(1,597)
Decrease in accounts receivable	12,628	77,627
Decrease (increase) in other receivable	963	(876)
Decrease in inventories	125,972	13,914
Decrease in prepayments	9,222	21,424
Decrease (increase) in other current assets	(2,229)	10,312
Changes in operating liabilities		
Increase (decrease) in accounts payable	30,018	(28,515)
Decrease in other payable	(32,775)	(56,563)
Decrease in other current liabilities	(1,683)	(9,682)
Decrease in net defined benefit liabilities	(960)	(8,181)
Increase in deferred credits	-	1,322
Cash generated from operations	502,102	409,473
Interest received	9,926	4,347
Dividend received	-	3,338
Interest paid	(1,268)	(2,066)
Income taxes paid	(59,744)	(65,085)
Net cash flows from operating activities	451,016	350,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(43,534)	(6,106)
Proceeds from disposal of financial assets at amortized cost	1,500	4,990
Acquisition of financial assets at fair value through profit or loss	(488,642)	(88,554)
Proceeds from disposal of financial assets at fair value through profit or loss	488,642	88,554
Acquisition of property, plant and equipment	(12,796)	(9,608)
Proceeds from disposal of property, plant and equipment	133	344
Increase in refundable deposits	(734)	-
Decrease in refundable deposits	-	168
Acquisition of intangible assets	(1,228)	(1,632)
Increase in prepayments for equipment	(2,625)	(2,305)
Net cash used in investing activities	(59,284)	(14,149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term bank loans	(77,167)	(69,257)
Guarantee deposits refunded	(511)	(169)
Repayment of the principal portion of lease liabilities	(5,429)	(5,281)
Increase in other noncurrent liabilities	1,500	-
Cash dividends paid	(201,813)	(200,898)
Net cash used in financing activities	(283,420)	(275,605)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4,855)	12,450
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,457	72,703
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	764,465	691,762
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 867,922	$ 764,465

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Farcent Enterprise Co., Ltd. (the "Company") was founded on May 24, 1983. The Company primarily engages in manufacture and sales of all kinds of aromatic deodorants, dehumidifiers, dishwashing liquid, washing powder and other cleaning agents and various mops, as well as the agency sales of shoe agents and kitchen utensils. The company's stock has been listed and traded on the Taiwan Stock Exchange since September 17, 2001.

The composition of the Company's consolidated financial statements on December 31, 2023 includes the Company and subsidiaries hereinafter collectively referred to as the Group.

The functional currency adopted by the Company is New Taiwan Dollars. Considering that the Company is a listed company based in Taiwan, in order to improve the comparability and consistency of financial statements, the consolidated financial statements are denominated in New Taiwan Dollars.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on February 26, 2024.

3. Application of New Standards, Amendments, and Interpretations

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

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

Note B : These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C : An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

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

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

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

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

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

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

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

The amendments stipulate that, as a temporary exception to IAS 12, Group shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Group shall disclose in its financial reports that it has applied this exception. In addition, Group shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, Group should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated. Based on the Group's assessment, the New IFRSs above have no significant effect on the Group's financial position and financial performance.

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

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2024

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 **(Note A)**
Amendments to IAS 1 "Classification of Liabilities as Current or 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 B)**

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

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

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

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

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

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date.

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

(3) Amendment to IAS 1 “Non-current Liabilities with Covenants "

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

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

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

Based on the Group’s assessment, the application of the New IFRSs above will not have any significant impact on the Group’s financial position and financial performance.

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

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

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. Summary of Significant Accounting Policies

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

Except for the financial instruments measured at fair value and net defined benefit liabilities recognized based on the net amount of the present value of defined benefit obligation less fair value of plan assets, the consolidated financial statements have been prepared under the historical cost convention.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(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 the 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 the asset or liability.

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

4.3 Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

(1) Assets held mainly for trading purposes;

(2) Assets expected to be realized within 12 months after the balance sheet date; or

(3) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Current liabilities include：

(1) Liabilities arising mainly from trading activities;

(2) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

(3) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

4.4 Basis of Consolidation

All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 6.8, and Table 2 and 3.

4.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement.

When a business combination is achieved in stages, the Group’s previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

The Group measures non-controlling interests based on the share of non-controlling interests in identifiable net assets of the acquiree.

4.6 Foreign Currencies

In preparing the financial statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

4.7 Cash equivalents

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

4.8 Financial instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

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

(1) Financial Assets

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

(a) Measurement categories

Financial assets are classified into the following categories: Financial assets measured at FVTPL, financial assets measured at amortized cost.

(i) Financial assets at fair value through profit or loss

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

Financial assets at FVTPL are initially and subsequently measured at fair value, with dividends, interest earned, and gains or losses arising from remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 12.2

(ii) Financial assets at amortized cost

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

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

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

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

- 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
- Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group recognizes loss allowances at an amount equal to lifetime expected credit losses for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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.

The Group recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of financial assets

The Group 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 entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulate gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive income transferred directly to retained earnings, without reclassifying to profit or loss.

(2) Financial liabilities

(a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any dividends or interest paid on the financial liability). Fair value is determined in the manner described in Note 12.2.

(b) Derecognition of financial liabilities

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

(3) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

If the Group reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(4) Derivative Financial Instruments

The derivatives signed by the Group are forward foreign exchange contracts to manage the Group's exchange rate risk.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative financial instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are categorized as financial assets when the fair value is positive and are categorized as financial liabilities when the fair value is negative.

4.9 Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandise. Cost of inventories is determined using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Appropriate allowances have been made for sluggish and non-performing inventories, and sluggish and depreciation losses are recognized as operating costs for the current period.

4.10 Investments Accounted for using the Equity Method

The Group accounts for its investments in associates using the equity method.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group accounts for its investments in associates using the equity method. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Group’s share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Group also recognizes its share in the changes in the equities of associates.

In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for using the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the interest in the associate.

4.11 Property, Plant and Equipment

Property, plant and equipment are tangible items held for the production or provision of goods or services, leased to others, or for management purposes and are expected to be used for more than one period. When the condition of reliable measurement is recognized, it shall be measured and recognized at cost, and property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, any change is accounted for as a change in accounting estimate.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Leases

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

<u>The Group as lessee</u>

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

<u>Right-of-use assets</u>

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

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

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented as a separate line item in the consolidated balance sheets.

4.13 Goodwill

Goodwill is not amortized. Instead, it is periodically tested for impairment annually. Whenever there is an indication of impairment, it is also tested for impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognized immediately and is not reversed in the subsequent period.

4.14 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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

(2) Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred.

(3) Acquired by business combination

Intangible assets acquired in a business combination are recognized at fair value on the acquisition date and recognized separately from goodwill. Subsequent measurement methods are the same as for intangible assets acquired separately.

(4) Derecognition

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

4.15 Impairment of Tangible and Intangible Assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets with indefinite useful lives and not yet available for use, impairment tests shall be conducted at least annually and when there is evidence of impairment.

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. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.16 Employee benefits

(1) Short-term employee benefits

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

(2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost and settlement profit (loss)) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period 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 they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. 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.

4.17 Provision

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When a part or all of the expenses required to pay off the liability provision is expected to be repaid from the other party, when the receivable is almost certain and the amount can be measured reliably, the receivable shall be recognized as an asset.

(1) Onerous contracts

When the Group expects that the inevitable cost of fulfilling the contractual obligations exceeds the expected economic benefits obtained from the contract, it recognizes the current obligations arising from onerous contracts as liability reserves.

(2) Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to pay off the Group's obligations, and is recognized at the same time as the date when the revenue is recognized for the relevant product.

4.18 Revenue Recognition

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

Sale of goods

The Group recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use of the product and bears the primary responsibility for reselling the product, and bears the risk of obsolescence of the product.

The Group does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

4.20 Taxation

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

(1) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute 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 in the consolidated financial statements 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, net operating loss carryforwards and tax credits for research and development expenses 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 and associates, and interests in joint ventures, except where the Group 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 are only recognized 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 they 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 asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the 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 liability is settled or the asset 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity, respectively. If the current income tax or deferred income tax is generated from the business combination, the income tax impact will be included in the accounting treatment of the business combination.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

In the application of the aforementioned Group's accounting policies, management is required to make judgments, estimates and assumptions about 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

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

<u>Impairment of goodwill</u>

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. Description of Significant Accounts

6.1 Cash and cash equivalents

Item	December 31, 2023	December 31, 2022
Cash on hand	$ 343	$ 376
Checking deposits	701	450
Demand deposits	511,955	481,556
Time deposits	130,322	102,304
Repurchase agreements	224,601	179,779
	$ 867,922	$ 764,465

(1) The Group has no cash and cash equivalents pledged as collaterals.

(2) The interest rates for repurchase agreements as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Repurchase agreements	1.10%	0.65%~0.75%

6.2 Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial liabilities - current		
Financial liabilities held for trading		
Foreign exchange forward contracts	$ 1,028	$ 27

(1) The Group has no financial assets at fair value through profit or loss pledged as collaterals.

(2) In 2023, the Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchange forward contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting treatment for these foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2023				
Company Name	Derivative Name	Contract amount (Nominal Principal in thousands)		Contract period
Farcent Enterprise Co., Ltd.	foreign exchange forward contracts – NTD to RMB	RMB	3,140	2023.10.06~2024.01.12
〃	〃	RMB	2,130	2023.10.06~2024.01.12
〃	〃	RMB	3,390	2023.11.01~2024.02.05
〃	〃	RMB	940	2023.11.06~2024.02.05
〃	〃	RMB	540	2023.11.06~2024.02.05
〃	〃	RMB	660	2023.11.22~2024.02.29
〃	〃	RMB	450	2023.11.22~2024.02.29
〃	〃	RMB	1,770	2023.12.04~2024.02.29
〃	〃	RMB	1,480	2023.12.13~2024.03.15
〃	〃	RMB	1,450	2023.12.13~2024.03.15

6.3 Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with original maturity of more than 3 months	$ 76,028	$ 33,910

(1) The Group has no financial assets at amortized cost pledged as collaterals.

(2) The interest rates for financial assets at amortized cost as December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Time deposits with original maturity of more than 3 months	0.9%~1.45%	0.5%~1.21%

6.4 Notes receivable, Net

	December 31, 2023	December 31, 2022
Arising from operating activities -Non related parties	$ 6,682	$ 4,390
Less: Loss allowance	–	–
Notes receivable, net	$ 6,682	$ 4,390

The Group has no notes receivable pledged as collaterals.

6.5 Accounts receivable, Net

	December 31, 2023		December 31, 2022	
Amortized at cost				
Gross carrying amount-Non related parties	$	498,916	$	506,907
Gross carrying amount from related parties		28,402		33,102
Less: loss allowance		(8,113)		(3,790)
Accounts receivable, net	$	519,205	$	536,219

Overdue receivable (presented as Other noncurrent assets)

	December 31, 2023		December 31, 2022	
Amortized at cost				
Gross carrying amount	$	2,132	$	2,069
Less: loss allowance		(2,132)		(2,069)
Overdue receivable, net	$	–	$	–

(1) The Group has no accounts receivable and overdue receivable pledged as collaterals.

(2) In principle, the credit period of sales of goods granted to customers ranges from 30 to 90 days. The Group using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Group's different customer base, and only determined expected credit loss rate based on the days past due.

(3) The loss allowances of notes receivable, accounts receivable and overdue receivable are measured using a provision matrix as follow:

December 31, 2023	Expected credit loss rate		Gross carrying amount		Loss allowance (Lifetime ECL)		Amortized cost
Not past due	0%~0.5%	$	488,224	$	(1,856)	$	486,368
1 – 30 days	5%		31,337		(1,263)		30,074
31 – 60 days	10%		3,710		(78)		3,632
Over 60 days	50%		10,729		(4,916)		5,813
Overdue receivable	100%		2,132		(2,132)		–
		$	536,132	$	(10,245)	$	525,887

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	$ 506,675	$ (1,628)	$ 505,047
1 – 30 days	5%	23,298	(775)	22,523
31 – 60 days	10%	3,462	(130)	3,332
Over 60 days	50%	10,964	(1,257)	9,707
Overdue receivable	100%	2,069	(2,069)	–
		$ 546,468	$ (5,859)	$ 540,609

(4) The movements of the loss allowances of notes receivable, accounts receivable and overdue receivable were as follows:

	2023	2022
Balance at January 1	$ 5,859	$ 5,802
Add: Recognition of impairment losses	4,468	57
Less: Effect of foreign currency exchange difference	(82)	–
Balance at December 31	$ 10,245	$ 5,859

6.6 Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 50,850	$ 143,180
Raw materials	32,114	36,035
Supplies	30,191	33,963
Semi-finished goods	18,936	17,330
Finished goods	222,905	250,460
Net	$ 354,996	$ 480,968

(1) The Group has no inventories pledged as collaterals.

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

	2023	2022
Cost of goods sold	$ 1,374,043	$ 1,530,186
Gain on reversal in market value of inventories	(8,798)	(22,154)
Loss on inventory given up	12,261	7,803
Gain on physical inventory	(1,312)	(1,130)
	$ 1,376,194	$ 1,514,705

6.7 Prepayments

	December 31, 2023	December 31, 2022
Prepayment for purchases	$ 11,943	$ 14,519
Others	7,235	13,881
	$ 19,178	$ 28,400

6.8 Subsidiaries

(1) The subsidiaries in the consolidated financial statements

Investor	Subsidiaries	Main businesses	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Investment	100%	100%
Farcent Enterprise Co., Ltd.	Farcent International (Samoa)Co., Ltd.	Investment	100%	100%
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Enterprise Co., Ltd.	Manufacturing, Wholesale and Retail	-	100%
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd	Manufacturing, Wholesale and Retail	75.119%	75.119%
Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	Processing and manufacturing	60.148%	60.148%
Farcent Enterprise Co., Ltd.	Farcent Vina Co., Ltd.	Trading	65%	65%
Farcent Enterprise Co., Ltd.	Farcent Malaysia SDN BHD	Trading	100%	100%
Farcent International (Samoa)Co., Ltd.	Farcent Group (Mauritius)Co., Ltd.	Investment	100%	100%
Farcent International (Samoa)Co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Trading	100%	100%
Farcent International (Samoa)Co., Ltd.	Farcent International (Asia) Co., Ltd.	Processing and manufacturing	0.9963%	0.9963%
Farcent Group (Mauritius)Co., Ltd.	Farcent (xiamen) chemical products for daily use Co., Ltd.	Processing and manufacturing	100%	100%
Eutech International Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Processing and manufacturing	80%	80%
Farcent (xiamen) chemical products for daily use co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Processing and manufacturing	20%	20%
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent International (Asia) Co., Ltd.	Processing and manufacturing	38.8557%	38.8557%
Dikai International Enterprise Co., Ltd	Dikai Holding Corp.	Investment	100%	100%
Dikai Holding Corp.	Dikai (Taicang) Enterprise Co., Ltd.	Processing and manufacturing	100%	100%

(a)The financial statements of the aforementioned subsidiaries included in the Group's consolidated financial statements have been audited by accountant.

(b) The Company's investee company Farcent Biotechnology International Enterprise Co., Ltd with an original investment cost of NT$ 5,000 thousand decided to dissolve on August 18, 2022 and completed liquidation on March 13, 2023. The amount of the returned shares and the book value on the date of disposal were both NT$ 4,422 thousand.

(c) Farcent International (Samoa) Co., Ltd. was approved by the board of directors on November 2, 2023, and resolved to reduce cash capital by NT$ 15,627 thousand (USD 500 thousand). The base date of capital reduction is December 20, 2023. The cash capital reduction has been registered for change on November 27, 2023.

(2) Subsidiaries not included in the consolidated financial statements: None.

(3) Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Information on acquisition of subsidiaries: None.

6.9 Investments accounted for using the equity method

(1) Investments in associates

	December 31, 2023	December 31, 2022
Farcent Enterprise (Thailand) Ltd.	$ 108,472	$ 101,955

(2) The Group has no Investments accounted for using the equity method pledged as collaterals.

(3) The Ownership and voting rights held by the Group at the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Farcent Enterprise (Thailand) Ltd.	40%	40%

Please refer to Tables 2 for the nature of businesses, operating location, and registration information of the aforementioned associates.

(4) The market prices information of the associates' ownership held by the Group in publicly traded stocks calculated by the closing price at the end of the reporting period: None.

(5) The aggregated information of the associates that are individually immaterial to the Group is as follows:

	2023	2022
The Group’s share		
Profit from continuing operations	$ 9,791	$ 8,281
Other comprehensive income, net of tax	1,122	5,503
Total comprehensive income	$ 10,913	$ 13,784

Investments accounted for using the equity method and the Group’s share of profit or loss and other comprehensive income in these investments are calculated based on the financial statements audited by accountant.

6.10 Property, plant and equipment

	2023					
	Balance at January 1	Additions	Disposals	Reclassifi-cation	Effect of foreign currency exchange difference	Balance at December 31
Cost						
Land	$ 327,949	$ –	$ –	$ –	$ (1,029)	$ 326,920
Buildings	263,369	–	–	–	(4,917)	258,452
Office equipment	14,516	1,287	(1,496)	–	(159)	14,148
Transportation equipment	2,072	2,733	(1,015)	–	(18)	3,772
Machinery	77,136	2,941	(192)	1,502	(1,295)	80,092
Leased assets	376	–	(168)	–	–	208
Assets leased to others	27,697	1,563	(35)	569	(298)	29,496
Other equipment	81,346	4,272	(2,360)	333	(878)	82,713
Subtotal	794,461	12,796	(5,266)	2,404	(8,594)	795,801
Accumulated impairment	(2,639)	–	–	–	–	(2,639)
Accumulated depreciation						
Buildings	(117,118)	(13,146)	–	–	2,333	(127,931)
Office equipment	(12,960)	(1,063)	1,496	–	141	(12,386)
Transportation equipment	(1,724)	(381)	896	–	15	(1,194)
Machinery	(53,834)	(5,191)	192	–	861	(57,972)
Leased assets	(376)	–	168	–	–	(208)
Assets leased to others	(24,469)	(1,255)	35	–	265	(25,424)
Other equipment	(63,593)	(9,467)	2,310	–	706	(70,044)
Subtotal	(274,074)	(30,503)	5,097	–	4,321	(295,159)
Carrying amounts	$ 517,748	$ (17,707)	$ (169)	$ 2,404	$ (4,273)	$ 498,003

	2022					
	Balance at January 1	Additions	Disposals	Reclassification	Effect of foreign currency exchange difference	Balance at December 31
Cost						
Land	$ 326,661	$ –	$ –	$ –	$ 1,288	$ 327,949
Buildings	259,027	–	–	–	4,342	263,369
Office equipment	14,651	791	(1,102)	–	176	14,516
Transportation equipment	2,946	–	(925)	–	51	2,072
Machinery	71,794	3,294	(1,665)	2,729	984	77,136
Leased assets	376	–	–	–	–	376
Assets leased to others	27,445	–	–	–	252	27,697
Other equipment	81,683	5,523	(8,023)	1,506	657	81,346
Subtotal	784,583	9,608	(11,715)	4,235	7,750	794,461
Accumulated impairment	(3,439)	–	816	–	(16)	(2,639)
Accumulated depreciation						
Buildings	(102,361)	(13,183)	–	–	(1,574)	(117,118)
Office equipment	(12,578)	(1,218)	980	–	(144)	(12,960)
Transportation equipment	(2,271)	(341)	925	–	(37)	(1,724)
Machinery	(49,133)	(4,964)	848	–	(585)	(53,834)
Leased assets	(376)	–	–	–	–	(376)
Assets leased to others	(23,019)	(1,230)	–	–	(220)	(24,469)
Other equipment	(59,527)	(10,733)	7,100	–	(433)	(63,593)
Subtotal	(249,265)	(31,669)	9,853	–	(2,993)	(274,074)
Carrying amounts	$ 531,879	$ (22,061)	$ (1,046)	$ 4,235	$ 4,741	$ 517,748

(1) Depreciation of the Group's property, plant and equipment is computed using straight-line method over the following estimated useful lives:

Buildings	5 to 56 years
Office equipment	1 to 10 years
Transportation equipment	3 to 6 years
Machinery	1 to 10 years
Leased assets	3 to 5 years
Assets leased to others	1 to 20 years
Other equipment	1 to 10 years

(2) Please refer to Note 8 for information on the property, plant and equipment that were used by the Group and that were pledged to others.

(3) As there was no indication of impairment in 2023 and 2022, no impairment loss was recognized for the year.

6.11 Lease agreements

(1) Right-of-use assets

	2023				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Land	$ 14,179	$ –	$ –	$ (291)	$ 13,888
Buildings	11,513	–	–	–	11,513
Transportation equipment	5,262	–	–	–	5,262
Office equipment	–	266	–	–	266
Subtotal	30,954	266	–	(291)	30,929
Accumulated depreciation					
Land	(1,493)	(372)	–	37	(1,828)
Buildings	(3,183)	(3,652)	–	–	(6,835)
Transportation equipment	(2,631)	(1,754)	–	–	(4,385)
Office equipment	–	(40)	–	–	(40)
Subtotal	(7,307)	(5,818)	–	37	(13,088)
Carrying amounts	$ 23,647	$ (5,552)	$ –	$ (254)	$ 17,841

	2022				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Land	$ 13,932	$ –	$ –	$ 247	$ 14,179
Buildings	10,627	10,119	(9,233)	–	11,513
Transportation equipment	5,262	–	–	–	5,262
Subtotal	29,821	10,119	(9,233)	247	30,954

Accumulated depreciation

Land	(1,100)	(374)	–	(19)	(1,493)
Buildings	(8,852)	(3,564)	9,233	–	(3,183)
Transportation equipment	(877)	(1,754)	–	–	(2,631)
Subtotal	(10,829)	(5,692)	9,233	(19)	(7,307)
Carrying amounts	$ 18,992	$ 4,427	$ –	$ 228	$ 23,647

The Group has no Right-of-use assets pledged as collaterals.

As there was no indication of impairment in 2023 and 2022, no impairment loss was recognized for the year.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 4,626	$ 5,400
Noncurrent	$ 1,239	$ 5,628

The ranges of discount rates for the lease liabilities:

	December 31, 2023	December 31, 2022
Buildings	1.359%~1.851%	1.359%~1.851%
Transportation equipment	1.587%	1.587%
Office equipment	13%	–

(3) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 4,210	$ 3,100
Expenses relating to low-value asset leases	$ 154	$ 244
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 357	$ 124
Total cash outflow for leases	$ 10,304	$ 8,906

6.12 Intangible assets

	2023				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Trademark	$ 146,980	$ –	$ –	$ –	$ 146,980
Patent	89,174	–	–	–	89,174
Goodwill	45,753	–	–	–	45,753
Computer software	9,793	1,228	(3,183)	(10)	7,828
Subtotal	291,700	1,228	(3,183)	(10)	289,735
Accumulated Amortization					
Trademark	(121,585)	(13,906)	–	–	(135,491)
Patent	(78,340)	(2,116)	–	–	(80,456)
Computer software	(7,351)	(1,392)	3,183	1	(5,559)
Subtotal	(207,276)	(17,414)	3,183	1	(221,506)
Carrying amounts	$ 84,424	$ (16,186)	$ –	$ (9)	$ 68,229

	2022				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Trademark	$ 146,980	$ –	$ –	$ –	$ 146,980
Patent	89,174	–	–	–	89,174
Goodwill	45,753	–	–	–	45,753
Computer software	13,130	1,632	(4,977)	8	9,793
Subtotal	295,037	1,632	(4,977)	8	291,700
Accumulated Amortization					
Trademark	(107,604)	(13,981)	–	–	(121,585)
Patent	(75,475)	(2,865)	–	–	(78,340)
Computer software	(10,009)	(2,316)	4,977	(3)	(7,351)
Subtotal	(193,088)	(19,162)	4,977	(3)	(207,276)
Carrying amounts	$ 101,949	$ (17,530)	$ –	$ 5	$ 84,424

(1) Amortization of the Group's intangible assets is computed using straight-line method over the following estimated useful lives:

Trademark	1 to 10 years
Patent	1 to 18 years
Computer software	2 to 5 years

(2) The Group has no intangible assets pledged as collaterals.

(3) The assessment process of goodwill impairment relies on the subjective judgment of the managements, including identifying the cash-generating unit and determining the recoverable amount of the relevant cash-generating unit. The recoverable amount is evaluated based on the value in use and industry standard, and the use value is estimated based on the cash flow forecast from the financial budgets covering the future ten-years period approved by the managements. The Group used the annual discount rate of 6.9% (Republic of China) and 6.9% (Mainland China) in its test of impairment; the industry standard is estimated based on the market value of comparable companies with similar conditions such as products, capital, and revenue

(4) The management determines the budgeted gross profit margin and growth rate based on historical performance and its expectations for market development. The market evaluations adopted are also consistent with those of similar peers in the market. The discount rate adopted reflects the specific risks of the relevant operating sector and the time value of currency in real market.

(5) As there was no indication of impairment on the Group's goodwill in 2023 and 2022, no impairment loss was recognized for the year.

6.13 Other assets

	December 31, 2023	December 31, 2022
Current		
Other financial assets	$ 190	$ 139
Temporary payments	5,032	3,690
Payment on behalf of others	1,269	433
	$ 6,491	$ 4,262
Non-current		
Prepayments for equipment	$ 2,798	$ 2,605
Other financial assets	1,500	1,500
Refundable deposits	6,130	5,396
Consolidated borrowings	1,657	1,840
	$ 12,085	$ 11,341

The Group pledged some of its other financial assets-noncurrent as collaterals. Please refer to Note 8 for more information.

6.14 Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable-non-related parties	$ 220,246	$ 188,698
Accounts payable- related parties	5,998	7,528
	$ 226,244	$ 196,226

6.15 Long-term borrowings and current portion

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank loans	$ 30,000	$ 107,167
Less: current portion	(8,671)	(18,620)
	$ 21,329	$ 88,547
Annual interest rate	1.27%	1.97%
Maturity year	2026	2024

Please refer to Note 8 for collaterals pledged for long-term borrowings for the years ended December 31, 2023 and 2022.

6.16 Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
-accrued expenses	$ 170,773	$ 205,114
-Salary payable	82,362	84,937
-Others	12,282	8,109
Contract liabilities	2,090	1,624
Unearned receipts	1,397	1,482
Long-term borrowings, current portion	8,671	18,620
Temporary receipts	489	2,730
Receipts under custody	2,862	2,685
	$ 280,926	$ 325,301
Non-current		
Deferred Credits-Gains on Inter-Affiliate Accounts	$ –	$ 10,343
Guarantee deposits	2,256	2,767
Long-term deferred revenue	1,500	–
	$ 3,756	$ 13,110

6.17 Retirement benefit plans

(1) Defined contribution plans

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.

Pension benefits for employees of subsidiaries overseas under the local regulations is a defined contribution plan managed by local government. A monthly contribution at a rate stipulated by local government is made without further obligations.

Accordingly, the Group recognized expenses of NT$ 27,301 thousand and NT$ 25,786 thousand in the statements of comprehensive income for the year ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Group's due contribution amounts that has not yet been paid to the plan amounted to NT$ 2,788 thousand and NT$ 2,776 thousand, respectively. The aforementioned amounts have been paid after balance sheet date.

(2) Defined benefit plans

The Company and its domestic subsidiaries have defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan.

(a)Amounts recognized in the balance sheets in respect of these defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 29,439	$ 30,803
Fair value of plan assets	(13,007)	(13,622)
Plan deficits	16,432	17,181
Unrecognized actuarial gain, net	–	–
Net defined benefit liability	$ 16,432	$ 17,181

(b)Movements in net defined benefit liabilities were as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 30,803	$ (13,622)	$ 17,181
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	312	(108)	204
Curtailment or Settlement profit (loss)	(952)	881	(71)
Amounts recognized in profit or loss	(640)	773	133

Remeasurements:			
Return on plan asset	–	(163)	(163)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	–	–	–
Effect of change in financial assumptions	94	–	94
Experience adjustments	280	–	280
Amounts recognized in other comprehensive income	374	(163)	211
Pension fund contribution	–	(1,093)	(1,093)
Paid Pension	(1,098)	1,098	–
Balance at December 31	$ 29,439	$ (13,007)	$ 16,432

	2022		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 37,640	$ (4,697)	$ 32,943
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	241	(28)	213
Amounts recognized in profit or loss	241	(28)	213
Remeasurements:			
Return on plan asset	–	(503)	(503)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	–	–	–
Effect of change in financial assumptions	(1,192)	–	(1,192)
Experience adjustments	(5,886)	–	(5,886)
Amounts recognized in other comprehensive income	(7,078)	(503)	(7,581)
Pension fund contribution	–	(8,394)	(8,394)
Paid Pension	–	–	–
Balance at December 31	$ 30,803	$ (13,622)	$ 17,181

(c)Amounts recognized in profit or loss in respect of defined benefit plans for the years ended December 31, 2023 and 2022 were summarized by function as follows:

	2023	2022
Cost of goods sold	$ –	$ –
Marketing expenses	$ 69	$ 109
Administrative expenses	$ 64	$ 104

(d)Because of the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

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

(ii)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 debt investments of the plan assets.

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

(e)The actuarial valuations of the most recent plan assets and defined benefit obligation were carried out by qualified actuary. The present value of defined benefit obligation and the relevant current and past service costs are estimated by using the projected unit credit method.

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.15%	1.20%
Future salary increase rate	2.00%	2.00%

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2023
Discount rate 1.15%	
Increase 0.25%	$ (441)
Decrease 0.25%	454
Future salary increase rate 2.00%	
Increase 0.25%	449
Decrease 0.25%	(439)
Turnover rate	
110% of the presumed turnover rate	–
90% of the presumed turnover rate	–

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

(f) The Group expects to make contributions of NT$ 334 thousand to the defined benefit pension plans in the next year starting from December 31, 2023. The weighted average duration of the defined benefit obligation is 6 years.

6.18 Equity

(1) Capital stock

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	63,900	63,900
Authorized capital	$ 639,000	$ 639,000
Issued and paid shares (in thousands)	63,234	63,234
Issued capital	$ 632,339	$ 632,339

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

The authorized shares include 6,390 thousand shares allocated for the exercise of employee stock options.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Share premium	$ 232,991	$ 232,991
Employee share options	1,645	1,645
Donations from shareholders	21	21
	$ 234,657	$ 234,657

Pursuant to the Company act, the capital surplus shall not be used except for making good the deficit (or loss) of the Company. Capital surplus arising from the excess of the issuance price over the par value of share capital (including the surplus arising from the excess of par value on issuance of common shares, shares issued for mergers, convertible bonds and treasury shares transactions) and donations can be used to issue new stocks to shareholders, it is limited to a certain percentage of the Company's paid-in capital each year. Capital surplus arising from the investments accounted for using the equity method, employee share options and share options shall not be used. when the Company incurs no loss, it may distribute its aforementioned capital surplus arising from the excess of the issuance price over the par value of share capital and donations by cash dividend to shareholders in proportion to their share ownership.

(3) Legal reserve

Pursuant to the Company act, Company shall estimate the losses to be covered and set aside the legal reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital. Where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

(4) Special reserve

The Company is required to set aside additional special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, Jin-Guan-Zheng-Fa-Zi Letter No. 10901500221 issued by the FSC and"After the adoption of International Financial

Reporting Standards (IFRSs), questions and answers for application of appropriation of special reserve". When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(5) Retained earnings and dividend policy

(a) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder including the accumulated undistributed earnings of prior period, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Of the amount to be distributed by the Company, the cash dividend shall not be lower than 10% of the total shareholder dividend, but if the cash dividend is less than NT$ 0.1 per share, it will not be paid, and it will be paid as a stock dividend instead. If distributing surplus earning in the form of new shares, it shall be approved by a meeting of shareholders.

(b) Details of the 2022 and 2021 earnings distributions and dividends per share as resolved by general shareholders' meeting which were held on June 16, 2023 and June 15, 2022, respectively, are as follows:

Unit: NT$ thousand/NT$ per share

	Appropriation of Earnings		Dividends per share (NT$)	
	2022(note)	2021(note)	2022	2021
Legal reserve	$ 26,099	$ 26,151		
Special reserve	(24,969)	29,779		
Cash dividend	189,702	189,702	$ 3.00	$ 3.00
	$ 190,832	$ 245,632		

Note: There is no difference between the aforementioned appropriation of earnings resolved by the general shareholders' meeting and the resolutions of the board of directors on February 24, 2023 and February 25, 2022, respectively.

The appropriations of earnings for 2023 had been approved in the meeting of the Board of Directors on February 26, 2024, and the appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share (NT$)
Legal reserve	$ 23,077	
Special reserve	8,108	
Cash dividend	177,055	$ 2.80
	$ 208,240	

The appropriations of earnings for 2023 are to be presented for approval in the shareholders' meeting which is to be held on June 13, 2024.

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.19 Revenue

	2023	2022
Revenue from sale of goods	$ 2,873,410	$ 3,117,661
Less: Sales returns and discounts	(257,162)	(333,046)
	$ 2,616,248	$ 2,784,615

6.20 Additional information of expenses by nature

	2023	2022
Depreciation and amortization		
Depreciation of property, plant and equipment	$ 30,503	$ 31,669
Depreciation of right-of-use assets	5,818	5,692
Amortization of intangible assets	17,414	19,162
	$ 53,735	$ 56,523
By function		
Cost of goods sold	$ 27,618	$ 27,680
Operating expenses	26,117	28,843
	$ 53,735	$ 56,523
Employee benefits expenses		
Post-employment benefits		
Defined contribution plans	$ 27,301	$ 25,786
Defined benefit plans	133	213
Salaries and bonuses	335,295	355,675
	$ 362,729	$ 381,674
By function		
Cost of goods sold	$ 75,675	$ 81,234
Operating expenses	287,054	300,440
	$ 362,729	$ 381,674

(1) The Company shall allocate, in accordance with the Company's Articles of Incorporation, 5% to 10% and not higher than 2% of annual income before income tax during the period to employees' compensation and directors' and supervisors' remuneration, respectively. The estimated employees' compensation and the estimated directors' and supervisors' remuneration for 2023 and 2022 are as follows:

2023		2022	
Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
$ 14,183	$ 1,217	$ 15,352	$ 1,317

If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.

(2) The employees' compensation and directors' and supervisors' remuneration for 2022 and 2021 were resolved by general shareholders' meeting on June 16, 2023 and June 15, 2022, respectively. The amounts recognized in the financial reports were as follows:

	2022		2021	
	Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
Amount resolved to be distributed	$ 15,352	$ 1,317	$ 16,600	$ 1,400
Amount recognized in financial reports	15,352	1,317	16,600	1,400
Difference	$ –	$ –	$ –	$ –

(a)The employees' compensation aforementioned is distributed in cash.

(b)There is no difference between the aforementioned employees' compensation and directors' and supervisors' remuneration resolved by the general shareholders' meeting and the resolutions of the board of directors on February 24, 2023 and February 25, 2022, respectively.

(3) Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.21 Income tax

(1) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	2023	2022
Current income tax expense		
Generated in the current year	$ 68,677	$ 66,291
Adjustments for prior periods	(1)	(309)
	68,676	65,982
Deferred tax		
Generated in the current year	–	–
Income tax expense recognized in profit or loss	$ 68,676	$ 65,982

(2) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	2023	2022
Income tax expense at the statutory rate	$ 86,178	$ 86,969
Effect from items disallowed by tax regulation	(21,020)	(21,388)
Over provision of prior year's income tax	(1)	(309)
Tax on undistributed earnings	3,519	710
Income tax expense	$ 68,676	$ 65,982

(3) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax refund receivable	$ 608	$ 671
Prepaid income tax	7	8
	615	679
Current tax liabilities		
Income tax payable	$ 35,276	$ 26,401

(4) Deferred tax liabilities

	December 31, 2023	December 31, 2022
Deferred tax liabilities -noncurrent		
Property, plant and equipment	$ 175	$ 182

(5) The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority as of December 31, 2023.

6.22 Earnings per share

	2023	2022
Basic earnings per share:		
Net income attributable to shareholders of the parent	$ 230,986	$ 253,404
Less：dividends on preferred stock	–	–
Net income attributable to ordinary shareholders of the parent	$ 230,986	$ 253,404
Weighted average number of shares outstanding for the period (in thousands)	63,234	63,234
Basic earnings per share, after tax (in dollars)	$ 3.65	$ 4.01

7. Related Party Transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

7.1 Names of related parties and relationship categories

Names of related parties	Related Party Categories
Farcent Enterprise (Thailand) Ltd. (Hereinafter referred to Farcent-Thailand)	Associates
Farcent Education Foundation (Hereinafter referred to as Farcent Foundation)	Other related parties
Yi Te Industrial Co., Ltd. (Hereinafter referred to a Yi Te)	Related party in substance
All directors, general manager and deputy general manager	Key management personnel

7.2 Operating transaction

(1) Sales

	Years Ended December 31	
	2023	2022
Associates	$ 140,881	$ 126,190

There is no significant difference between the Group's sales conditions to related parties and general customers.

(2) Processing fee

	Years Ended December 31	
	2023	2022
Related party in substance		
Yi Te	$ 55,000	$ 59,379

The Group entrusts Yi Te to engage in product OEM matters. The OEM price and payment terms are negotiated, and there is no significant difference from ordinary manufacturers.

(3) Accounts receivable

	December 31, 2023	December 31, 2022
Associates	$ 28,402	$ 33,102

(4) Accounts payable

	December 31, 2023	December 31, 2022
Related party in substance	$ 5,998	$ 7,512

(5) Rental income

	Years Ended December 31	
	2023	2022
Related party in substance	$ 854	$ 1,057

As of December 31, 2023 and 2022, Rental income receivables were NT$ 76 thousand and NT$ 70 thousand, respectively, which was presented as Other receivables.

(6) Donations expenses

	Years Ended December 31	
	2023	2022
Other related parties	$ 1,536	$ 1,536

As of December 31, 2023 and 2022, the Group has paid all the above payments in full.

7.3 Key management compensation

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2023	2022
short-term employee benefits	$ 41,718	$ 39,958
Post-employment benefits	39	21
Other long-term benefits	–	–
Share-based payments	–	–

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

8. Pledged Assets

As of December 31, 2023 and 2022, the Group provides assets as collaterals, and the book value and usage details are as follows:

	December 31, 2023	December 31, 2022	purpose
Other financial assets -noncurrent	$ 1,500	$ 1,500	Import duty bond
Property, plant and equipment, net	–	264,534	Bank Loan Guarantee
	$ 1,500	$ 266,034	

The above-mentioned other financial assets-noncurrent which was presented as Other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments：None

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None

12. Others

12.1 Capital risk management

The Group requires an adequate capital structure to enable expansion and enhancement of its plant and equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

The Group is not subject to other external capital requirements.

12.2 Financial instruments

(1) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Financial assets at amortized cost (Note 1)	$ 1,477,994	$ 1,347,319
Financial liabilities		
FVTPL：		
Financial liabilities at fair value through profit or loss– current	1,028	27
Financial liabilities at amortized cost (Note 2)	529,782	615,348

Note 1：Including cash and cash equivalents, financial assets at amortized cost - current, notes and accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2：Including accounts payable, other payables, lease liabilities, Long-term Loans and guarantee deposits.

(2) Fair value of financial and non-financial instruments

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

The management of the Group believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value in consolidated financial statements approach their fair values.

(b)Financial instruments measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition. Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i)Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii)Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii)Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	$ –	$ 1,028	$ –	$ 1,028

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	$ –	$ 27	$ –	$ 27

The Group's financial assets and liabilities measured at fair value on a recurring basis have no transfer between the Level 1 and Level 2 fair value measurements from January 1 to December 31, 2023 and 2022.

(3) Financial risk management objectives and policies

The Group's financial risk management objective is to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Group is committed to identifying, assessing and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes on the Group's financial performance.

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

(4) Market Risk

(a)Foreign exchange risk

The business of the Group involves certain non-functional currencies, so it is affected by exchange rate fluctuations and mainly bears foreign currency exchange rate risks of US dollars and RMB. Information on financial assets and liabilities with significant exchange rate fluctuations is as follows, and there is little difference between the spot exchange rate used in the end-of-period evaluation and the final listed exchange rate of the transaction bank. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2023				
	Foreign Currency	Exchange Rate		Book Value
Foreign currency assets				
Monetary items				
USD	$ 7,899	30.7280	(USD：NTD)	$ 242,716
USD	318	7.1019	(USD：RMB)	9,774
USD	1,045	34.14	(USD：THB)	32,124
RMB	7,040	4.3267	(RMB：NTD)	30,460
Non-Monetary items				
Investments in associates and joint ventures				
USD	15,858	30.7280	(USD：NTD)	487,272
THB	189,482	0.9001	(THB：NTD)	170,553
THB	44,441	0.2080	(THB：RMB)	39,995
THB	1,142	34.14	(THB：USD)	1,028
VND	4,738,662	0.0013	(VND：NTD)	6,160
MYR	4,768	6.6978	(MYR：NTD)	31,932
Foreign currency liabilities				
Monetary items				
USD	1,483	30.7280	(USD：NTD)	45,577
USD	73	24,270	(USD：VND)	2,308
USD	801	4.59	(USD：MYR)	24,620
RMB	24,430	4.3267	(RMB：NTD)	105,701

December 31, 2022				
	Foreign Currency	Exchange Rate		Book Value
Foreign currency assets				
Monetary items				
USD	$ 4,391	30.7080	(USD：NTD)	$ 134,828
USD	327	6.9514	(USD：RMB)	10,034
USD	1,036	34.54	(USD：THB)	31,824
RMB	1,807	4.4175	(RMB：NTD)	7,981
Non-Monetary items				
Investments in associates and joint ventures				
USD	17,006	30.7080	(USD：NTD)	522,223
THB	184,100	0.8891	(THB：NTD)	163,683
THB	44,842	0.2013	(THB：RMB)	39,876

VND	5,691,525	0.0013	(VND：NTD)	7,399
MYR	5,666	6.9704	(MYR：NTD)	39,497
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	1,013	30.7080	(USD：NTD)	31,117
USD	81	23,575	(USD：VND)	2,480
USD	860	4.4055	(USD：MYR)	26,414
RMB	14,673	4.4175	(RMB：NTD)	64,817

The following information is expressed in terms of the functional currencies of individuals holding foreign currencies, and the disclosed exchange rates refer to the exchange rates converted from these functional currencies to the expression currency. Foreign currency exchange gains and losses with significant impact (including realized and unrealized) are as follows:

	Years Ended December 31			
	2023		2022	
Functional Currency	Functional Currency vs Expression Currency	Net exchange gain or loss NTD	Functional Currency vs Expression Currency	Net exchange gain or loss NTD
NTD	1：1	$ (40)	1：1	$ (1,179)
RMB	1：4.4113	167	1：4.4277	635
THB	1：0.8930	(1,080)	1：0.8503	962
VND	1：0.0013	44	1：0.0013	(209)
MYR	1：6.8405	(816)	1：6.7755	(1,516)
USD	1：30.7191	–	1：29.8517	1

<u>Sensitivity analysis</u>

The Group is mainly affected by fluctuations in the exchange rates of the USD, RMB, EUR, THB, VND and MYR.

The Group's exchange rate risk mainly comes from monetary assets and liabilities denominated in foreign currencies, and foreign currency exchange gains and losses are generated during translation. If the NTD changes by 1% relative to the relevant currency on the balance sheet date, the profit and loss will be affected as follows:

	December 31, 2023	December 31, 2022
The impact of a 1% change on profit and loss	$ 1,369	$ 598

The investment in equity financial commodities engaged in by the Group is affected by changes in market prices, but the Group has set a stop loss point, so it is expected that no significant market risk will occur.

(b)Interest rate risk

The Group's interest rate risk come from long-term borrowings. Borrowings issued at floating interest rates expose the Group to cash flow interest rate risk. The Group's borrowings calculated at floating interest rates in 2023 are denominated in New Taiwan Dollars.

If the borrowing interest rate changes by 1%, and all other factors remain unchanged, the net profit after tax in 2023 will change by NT$ 300 thousand, mainly due to the change in interest expenses caused by floating interest rate borrowings.

(5) Credit risk

The Group's investment in equity financial commodities is conducted through centralized trading markets and Taipei Exchange, and it deals with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is extremely high Low.

The Group's credit risk amount on December 31, 2023 and 2022 is evaluated based on the contract whose fair value is a positive number on the balance sheet date; the maximum exposure amount of various financial products held by the Group is the same as its book value.

The Group does not significantly focus on transactions with a single customer or a single counterparty, but there are similar industrial types and local regions. In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and when necessary, requires the other party to provide a collaterals or guarantee.

(6) Liquidity risk

The Group's working capital is sufficient, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations.

The financial assets that the Group invests in at fair value through profit or loss have active markets and it is expected that the financial assets can be easily and quickly sold in the market at prices close to their fair values.

The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments.

	December 31, 2023				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Non-derivative financial liabilities					
Accounts payable	$ 226,244	$ –	$ –	$ –	$ 226,244
Other payable	265,417	–	–	–	265,417
Long-term loans	8,671	21,329	–	–	30,000
Lease liabilities	4,626	1,156	83	–	5,865
	$ 504,958	$ 22,485	$ 83	$ –	$ 527,526

	December 31, 2022				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Non-derivative financial liabilities					
Accounts payable	$ 196,226	$ –	$ –	$ –	$ 196,226
Other payable	298,160	–	–	–	298,160
Long-term loans	18,620	88,547	–	–	107,167
Lease liabilities	5,400	5,628	–	–	11,028
	$ 518,406	$ 94,175	$ –	$ –	$ 612,581

(7) Risk Control and Hedging Strategies

The management of the Group regularly evaluates the risks arising from the operation of financial products and foreign currency-denominated assets or liabilities due to exchange rate fluctuations in order to maintain appropriate liquidity positions and control market risk, credit risk, liquidity risk and cash flow risk.

13. Supplementary Disclosures

When preparing the consolidated financial report, all major transactions and balances between the parent company and the subsidiary have been eliminated.

13.1 Significant transactions information

(1) Loans to others: Please see Table 1 attached;

(2) Endorsements and guarantees provided to others: None;

(3) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: None;

(4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

(5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None;

(6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None;

(7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

(9) Information about the derivative financial instruments transaction: Please see Note 6.2;

(10) The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 6 attached;

13.2 Information on investees

The name, location, the main businesses, original investment amounts, shareholding status at the end of the period, income(losses) and share of profits(losses) of the investees (excluding investees in Mainland China) over which the Group exercises significant influence, control or joint control: Please see Table 2 attached.

13.3 Information on investment in mainland China

(1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income(losses) of the investee, share of profits(losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 3 attached.

(2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Table 6 attached.

13.4 Information on major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please see Table 7 attached.

14. Segment Information

14.1 The products and services that derived revenue from the reportable segment

Information provided to the chief operating decision maker for allocating resources and evaluating departmental performance, focusing on each type of product or service delivered or provided. According to the provisions of IFRS 8 Operating Segments, the reportable segment of the Group are the daily necessities department, agency department and other department. Daily necessities department engaged in manufacturing various air fresheners, deodorizers, dehumidifiers and household detergents and selling to various channel retailers. The agency department is an agent of various household daily necessities and sells them to various channel retailers. The reportable segments of the Group are strategic business units that provide different products or services. Since each strategic business unit requires different technologies and marketing strategies, it must be managed separately.

The accounting policies of each operating department of the Group are the same as the description for summary of significant accounting policies stated in Note 4.

14.2 Segment revenue and operating results

The income and operating results of the continuing operating unit of the Group are analyzed according to the reportable segment as follows:

	Years Ended December 31			
	2023			
	Daily necessities and other departments	agency department	Elimination	Total
Sales from external customers	$ 2,480,239	$ 136,009	$ –	$ 2,616,248
interest income	9,926	–	–	9,926
Total sales	$ 2,490,165	$ 136,009	$ –	$ 2,626,174
Interest expense	$ 1,300	$ –	$ –	$ 1,300
Depreciation and Amortization	$ 53,666	$ 69	$ –	$ 53,735
Operating profit	$ 262,914	$ (3,228)	$ –	$ 259,686

	Years Ended December 31			
	2022			
	Daily necessities and other departments	agency department	Elimination	Total
Sales from external customers	$ 2,578,662	$ 205,953	$ –	$ 2,784,615
interest income	4,347	–	–	4,347
Total sales	$ 2,583,009	$ 205,953	$ –	$ 2,788,962
Interest expense	$ 2,066	$ –	$ –	$ 2,066
Depreciation and Amortization	$ 56,223	$ 300	$ –	$ 56,523
Operating profit	$ 270,349	$ 7,217	$ –	$ 277,566

The revenue reported above was generated from transactions with external clients. As of December 31, 2023 and 2022, the Group does not have any intersegment sales.

The accounting policies of the reportable departments are consistent with the accounting policies of the Group disclosed in Note 4. Departmental profit and loss refer to the profit earned by each department, excluding the apportioned headquarters management costs and director's remuneration, the share of the net profit of the affiliated enterprise, the disposal of the original affiliated enterprise's equity interests, investment income, other interests and losses, financial costs, and Income tax expense. This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

14.3 Geographical information:

The Group's revenue from external customers by location of operations and the Group’s noncurrent assets by location of the assets are detailed below. When the income is attributed to the region, it is calculated on the basis of the region where the enterprise receives the cash. Non-current assets include property, plant and equipment, investment properties, intangible assets and other assets, excluding financial instruments and deferred tax assets.

(1) Income from external customers

	Years Ended December 31			
	2023		2022	
Areas	Amount	%	Amount	%
Taiwan	$ 2,066,325	79	$ 2,242,927	81
China	225,304	9	252,566	9
Thailand	140,881	5	126,190	4
Malaysia	52,127	2	48,610	2
Hong Kong	31,729	1	24,915	1
Japan	8,387	–	31,309	1
Others	91,495	4	58,098	2
	$ 2,616,248	100	$ 2,784,615	100

Revenues listed above are classified by country where customers located.

(2) Non-current assets

Areas	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Taiwan	$ 404,287	69	$ 424,412	68
China	147,190	25	166,581	27
Malaysia	35,387	6	37,416	5
Vietnam	7	–	15	–
	$ 586,871	100	$ 628,424	100

14.4 Main customer information

The customers whose sales revenue accounted for more than 10% of the revenue on the consolidated income statement in 2023 and 2022 of the Group are as follows:

	Years Ended December 31			
	2023		2022	
Customer	Amount	%	Amount	%
Customer A	$ 266,894	10	$ 399,000	14

TABLE 1

Farcent Enterprise Co., Ltd.
Loans to Others
For the Year Ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transaction Amount	Reason for short-term financing	Recognized loss allowance	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
0	Farcent Enterprise Co., Ltd.	Farcent Malaysia Sdn Bhd	Other receivables	Yes	$ 61,456 (USD 2,000)	$ 30,728 (USD 1,000)	$ 21,510 (USD 700)	2.50%~ 5%	(Note2)	–	Operating capital	–	–	–	$ 735,696	$ 919,620
1	Farcent International (Samoa) Co., Ltd.	Farcent Enterprise Co., Ltd.	Other receivables	Yes	$ 15,634 (USD 500)	$ – (USD –)	$ – (USD –)	5%	(Note2)	–	Operating capital	–	–	–	$ 56,233 (USD 1,830)	$ 70,291 (USD 2,288)
2	Farcent (xiamen) chemical products for daily use co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	$ 36,877 (RMB 8,500)	$ 21,692 (RMB 5,000)	$ 21,692 (RMB 5,000)	3.70%~ 4.35%	(Note2)	–	Operating capital	–	–	–	$ 58,447 (RMB 13,508)	$ 73,058 (RMB 16,885)

(Continued)

No (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transaction Amount	Reason for short-term financing	Recognized loss allowance	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
3	Farcent International (Asia) Co., Ltd.	Farcent Enterprise Co., Ltd.	Other receivables	Yes	$ 30,729 (USD 1,000)	$ 30,729 (USD 1,000)	$ 30,729 (USD1,000)	3.70%	(Note2)	–	Operating capital	–	–	–	$ 41,284 (THB45,866)	$ 51,605 (THB57,333)
4	Farcent (Suzhou) Environmental Technology Co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	$ 26,031 (RMB 6,000)	$ 26,031 (RMB6,000)	$ 26,031 (RMB6,000)	3.55%	(Note2)	–	Operating capital	–	–	–	$ 158,732 (RMB36,686)	$ 198,415 (RMB45,858)

Note1: The description of the column number is as follows:

(1) Issuer fill in 0.

(2) Investees are numbered in order from number 1.

Note2: Necessary short-term financing facility.

Note3: The amount that can be financing limits for each borrowing company is 40% of the lender’s net worth and the total amount that can be financing shall not exceed 50% of the lender’s net worth.

TABLE 2

Farcent Enterprise Co., Ltd.
Information on Investees
For the Year Ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent International (Samoa) Co., Ltd.	Samoa	Investment activities	$ 120,347 (USD 3,578)	$ 135,974 (USD 4,078)	3,577,882	100%	$ 140,455	$ (18,725)	$ (18,762)	Subsidiary
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Seychelles	Investment activities	$ 260,314 (USD 8,538)	$ 260,314 (USD 8,538)	854	100%	307,233	3,884	4,165	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	$ –	$ 5,000	–	–	–	7	7	Note 3
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	$ 307,173	$ 307,173	12,007,021	75.119%	414,640	128,366	85,228	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Thailand	Purchase and sale dehumidifier、air freshener、deodorizer、Daily cleansing products and other plastic products	$ 33,476 (THB36,978)	$ 33,476 (THB36,978)	217,280	40%	108,472	24,479	9,791	Associate

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent Vina Co., Ltd.	Vietnam	Purchase and sale Daily cleansing products, etc.	$ 5,850 (USD 195)	$ 5,850 (USD 195)	–	65%	$ 6,160	$ 1,346	$ 875	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Malaysia SDN BHD	Malaysia	Purchase and sale Daily cleansing products, etc.	$ 71,305 (MYR 9,397)	$ 71,305 (MYR 9,397)	2,000,000	100%	31,932	(4,283)	(3,823)	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	$ 55,050 (THB 60,148)	$ 55,050 (THB 60,148)	601,480	60.148%	62,081	(678)	(407)	Subsidiary
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	RMB 7,896 (THB 38,856)	RMB 7,896 (THB 38,856)	388,557	38.8557%	39,995	(678)	(264)	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	USD 30 (THB 996)	USD 30 (THB 996)	9,963	0.9963%	1,028	(678)	(7)	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent Group (Mauritius) Co., Ltd.	Mauritius	Investment activities	USD 3,193	USD 3,193	3,193,382	100%	148,337	5,048	Note 2	Sub-subsidiary

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Dikai International Enterprise Co., Ltd.	Dikai Holding Corp.	Samoa	Investment activities	$ 31,225 (USD 1,000)	$ 31,225 (USD 1,000)	1,000,000	100%	$ 39,584	$ 3,978	Note 2	Sub-subsidiary

(Concluded)

Note1: Relevant information on investments in Mainland China, please refer to Table 3.

Note2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Note3: Liquidation procedure has been completed on March 13, 2023.

TABLE 3

Farcent Enterprise Co., Ltd
Information on Investment in Mainland China
For the Year Ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Farcent (xiamen) chemical products for daily use co., Ltd.	processing, manufacturing Indoor and car fragrances, dehumidifier, insect repellant and detergent, etc.	USD 3,300	(Note 1)	$ 106,958 (USD 3,193)	$ –	$ –	$ 106,958 (USD 3,193)	$ 5,048	100%	$ 5,048	$ 148,321	$ –
Farcent (Suzhou) Environmental Technology Co., Ltd.	processing, manufacturing dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 11,250	(Note 1)	$ 260,081 (USD 8,530)	$ –	$ –	$ 260,081 (USD 8,530)	$ 4,855	100%	$ 4,855	$ 396,830	$ –

(Continued)

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Yang Lun (Shanghai) Trading Co., Ltd.	Purchase and sale dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 700	(Note 1)	$ –	$ –	$ –	$ –	$ (26,311)	100%	$ (26,311)	$ (16,024)	$ 36,433 (USD 1,170)
Dikai (Taicang) Enterprise Co., Ltd.	Processing and manufacturing of plastic box, plastic vessel, plastic parts, daily plastic products	USD 1,000	(Note 1)	$ –	$ –	$ –	$ –	$ 3,978	75.119%	$ 2,988	$ 29,853	$ 29,478 (USD 1,015)

Note1: Indirect investment in Mainland China through a Subsidiary in a third place.

Note2: Recognized based on the financial statements audited by the auditors of the parent company in Taiwan.

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 367,039 (USD11,723)	$ 401,015 (USD12,893)	$ 1,103,544

TABLE 4

Farcent Enterprise Co., Ltd.
Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Subsidiary	Purchases	$ 268,229	30%	Closing on the 30th of the current month, 60 days for ticket/remittance	(Note1)	Normal	$ (106,167)	36%	
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Associate	Sales	$ 140,881	7%	Closing on the 25th of the current month, 45 days for ticket/remittance	(Note1)	Normal	$ 28,402	8%	

Note1: The price of purchase or sale is set by using cost-plus pricing.

TABLE 5

Farcent Enterprise Co., Ltd.
Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Creditor	Counterparty	Relationship with the counterparty	Ending balance	Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period	Recognized loss allowance
					Amount	Action taken		
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent Enterprise Co., Ltd.	Parent company	$ 106,167	3	$ –	–	$ 44,446	–

TABLE 6

Farcent Enterprise Co., Ltd.
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Net Purchase	268,229	**purchase price according to cost-plus pricing**	10.25%
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Accounts payable	106,167	**Under normal payment terms**	4.15%
0	Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	1	Net Purchase	72,603	**purchase price according to cost-plus pricing**	2.78%
0	Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	1	Other payable	30,921	**Under normal loan terms**	1.21%

(Continued)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
1	Yang Lun (Shanghai) Trading Co., Ltd	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Net Purchase	79,809	**purchase price according to cost-plus pricing**	3.05%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent(Suzhou) Environmental Technology Co., Ltd.	3	Accounts payable	32,854	**Under normal payment terms**	1.29%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	3	Other payable	26,294	**Under normal loan terms**	1.03%

(Concluded)

Note1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column. The number means:

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note2: The relationship between transaction company and counterparty is classified into one of the following three categories:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: Had been eliminated when preparing consolidated financial statements

TABLE 7

Farcent Enterprise Co., Ltd.
Information on Major Shareholders
For the Year Ended December 31, 2023

Unit: Shares

Major shareholders \ Shares	Numbers of Shares	Percentage of ownership
Tsai, Hsin-Hsin	10,408,322	16.46%
Shi Da Investment Co., Ltd	5,763,495	9.11%
Yu Te Investment Co., Ltd	4,362,955	6.89%
Wang Chia Yu	4,104,016	6.49%
Wang Ying Ting	3,974,623	6.28%