

**(English Translation of parent Company Only Financial Statements
and Report Originally Issued in Chinese)**

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

INDEPENDENT AUDITORS' REPORT

NO.00151120EA

To the Board of Directors of Compeq Manufacturing Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key audit matters for the Company’s parent company only financial statements for the year ended December 31, 2023 are explained as follows:

Revenue recognition from shipping warehouses

Description of the key audit matter

Refer to note 4(14) and 6(16) of the parent company only financial statements for the information relating to revenue recognition.

The Company's sales come in two types of direct shipping from factories and shipping from warehouses, revenue is recognized on the transfer of control of the products on an individual sales contract basis. In which the revenue from shipping warehouses is recognized when the customer picks up the products. The Company mainly recognizes its revenue in accordance with the statements or other information provided by the custodians of shipping warehouses and reconciliation with any change in recorded inventory. Given that the shipping warehouses spread many regions and the sales terms for each major customer also vary, such revenue recognition process often involves a lot of labor in operation, which is likely to result in inappropriate timing to recognize the revenue or inconsistency between physical quantity and recorded quantity of the inventory in custody. On the other hand, it requires both parties' labor judgment to determine if a shipment meets the terms for customer's acquisition of products control right and such risk is the major measurement index adopted by the report users. As such, the deadline of the recognition of the revenue of the products sold from shipping warehouses is listed as one of the key audit matters.

How the matter was addressed in our audit

We performed the following audit procedures in respect of the above key audit matter:

1. Understand and assess the propriety of the accounting policy for revenue recognition, and evaluate and test the internal control in relation to the timing of revenue recognition.
2. Implement the deadline test for the revenue from shipping warehouses in the periods before or after the balance sheet date, and check if customer account statement data, change in recorded inventory, revenue and cost carry-over were recorded at appropriate times.
3. Execute document enquiry or field stock-taking observation for the quantity of inventory in shipping warehouses, and check as well as reconcile the warehouse inventory quantity with the recorded inventory quantity. In case of any inconsistency with the recorded inventory quantity found from the enquiry response or stock-taking observation, the reasons for the inconsistency will be investigated and the test for the reconciliation items shall be executed, so as to confirm if material differences are properly adjusted and recorded.

Evaluation of allowance for loss on reduction of inventory to market

Description of the key audit matter

Refer to note 4(7), 5(2) and 6(3) of the parent company only financial statements for the information relating to inventory valuation.

The Company mainly engages in manufacture and sales of PCB(Printed Circuit Boards). Due to their short life circle and severe competition in the industry, electronic products are susceptible to the volatility of market prices, so they have higher risk in losses on reduction of inventory to market and inventory obsolescence. The net realizable value adopted by The Company for invalid and obsolescent inventory often involves subjective judgment. Given that The Company's inventory and its allowance for loss on reduction of inventory to market have a vital impact on its financial statements, the valuation of the allowance for loss on reduction of inventory to market is listed as one of the key audit matters.

How the matter was addressed in our audit

We performed the following audit procedures in respect of the above key audit matter:

1. Evaluate if the policy and procedure for setting aside the allowance for loss on reduction of inventory to market are appropriately and consistently adopted.
2. Understand the inventory warehouse management process, inspect the annual stock-taking plan and participate in the annual observation of stock-taking, so as to confirm the inventory management and status.
3. Acquire the statement to identify inventory obsolescence and invalidation and verify inventory aging propriety and rationality, so as to confirm the possibility for the loss of the inventory exceeding a certain inventory age and coverage of the invalid and obsolescent inventory items in the statement, and ensure the consistence of the statement information with the policy.
4. Inspect a variety of data adopted by the management for calculation of the inventory net realizable value, and give random check and calculation to evaluate the rationality of the inventory net realizable value and judge if relevant disclosures are adequate.

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

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

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

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

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

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

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

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

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

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

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

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

Baker Tilly Clock & Co
Hsin-Liang Wu, CPA
Kuo-Fu Tseng, CPA
March 7, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and its cash flows in accordance with the 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 (or review) such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 5,020,001	8.48	\$ 5,568,004	9.37
Accounts receivable	6(2)	7,212,219	12.18	8,383,031	14.11
Receivables from related parties	6(2)	22,471	0.04	446,942	0.75
Other receivables		2,558,945	4.32	1,791,229	3.02
Current tax assets		59,481	0.10	20,248	0.03
Inventories	6(3)	2,490,792	4.21	3,075,588	5.18
Prepayments		84,822	0.14	82,150	0.14
Other current financial assets	6(4),8	2,260,174	3.82	1,804,175	3.04
Other current assets		28,649	0.05	24,363	0.04
Total current assets		19,737,554	33.34	21,195,730	35.68
NONCURRENT ASSETS					
Investments accounted for using equity method	6(5)	30,752,649	51.94	28,811,020	48.50
Property, plant and equipment	6(6),8	8,105,097	13.69	8,828,335	14.86
Right-of-use assets	6(7)	136,619	0.23	149,161	0.25
Intangible assets	6(8)	37,435	0.06	23,369	0.04
Deferred tax assets	6(21)	418,136	0.71	386,269	0.65
Refundable deposits		16,948	0.03	11,141	0.02
Other non-current assets		1,379	—	2,619	—
Total noncurrent assets		39,468,263	66.66	38,211,914	64.32
TOTAL		\$ 59,205,817	100.00	\$ 59,407,644	100.00

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Notes payable	6(9)	\$ 962	—	\$ 1,850	—
Accounts payable	6(9)	3,128,837	5.28	2,561,467	4.31
Payable to related parties	6(9)	3,484,874	5.89	4,038,521	6.80
Other payables	6(10)	2,281,116	3.85	3,242,657	5.46
Current tax liabilities	6(21)	859,285	1.45	1,010,496	1.70
Provisions-current	6(11)	137,573	0.23	144,794	0.25
Receipts in advance		1,848	—	19	—
Current portion of long-term borrowings	6(12),8	903,251	1.53	391,084	0.66
Other current liabilities		524,849	0.89	541,732	0.91
Total current liabilities		11,322,595	19.12	11,932,620	20.09
NONCURRENT LIABILITIES					
Long-term borrowings	6(12),8	4,505,665	7.61	4,608,916	7.76
Deferred tax liabilities	6(21)	3,903,255	6.59	3,815,111	6.42
Lease liabilities-noncurrent	6(7)	100,178	0.17	113,667	0.19
Net defined pension liabilities	6(13)	121,555	0.21	220,442	0.37
Total noncurrent liabilities		8,630,653	14.58	8,758,136	14.74
Total liabilities		19,953,248	33.70	20,690,756	34.83
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	6(14)	11,918,206	20.13	11,918,206	20.06
Capital surplus	6(14)	1,060,226	1.79	1,060,226	1.78
Retained earnings	6(14)	26,614,354	44.95	25,693,999	43.25
Legal reserve		4,061,551	6.86	3,251,562	5.47
Special reserve		12,459	0.02	351,396	0.59
Unappropriated earnings		22,540,344	38.07	22,091,041	37.19
Other equity	6(14)	(340,217)	(0.57)	44,457	0.08
Exchange differences on translation of foreign operations		(326,068)	(0.55)	56,916	0.10
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(14,149)	(0.02)	(12,459)	(0.02)
Total equity		39,252,569	66.30	38,716,888	65.17
TOTAL		\$ 59,205,817	100.00	\$ 59,407,644	100.00

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

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2023		2022	
		Amount	%	Amount	%
OPERATING REVENUES	6(16)	\$ 33,848,845	100.00	\$ 41,005,039	100.00
OPERATING COSTS	6(3)	(27,965,037)	(82.62)	(33,585,457)	(81.91)
GROSS PROFIT BEFORE UNREALIZED GROSS		5,883,808	17.38	7,419,582	18.09
UNREALIZED PROFIT FROM SALES		(836)	—	(13,188)	(0.03)
REALIZED PROFIT ON FROM SALES		13,188	0.04	72,733	0.18
GROSS PROFIT		5,896,160	17.42	7,479,127	18.24
OPERATING EXPENSES					
Selling and marketing expenses		(533,457)	(1.57)	(563,394)	(1.37)
General and administrative expenses		(298,632)	(0.88)	(503,297)	(1.23)
Research and development expenses		(1,018,373)	(3.01)	(1,142,649)	(2.79)
Expected credit impairment income	6(2)	7,788	0.02	(9,535)	(0.02)
Total operating expenses		(1,842,674)	(5.44)	(2,218,875)	(5.41)
INCOME FROM OPERATIONS		4,053,486	11.98	5,260,252	12.83
NON-OPERATING INCOME AND EXPENSES					
Interest income		261,292	0.77	108,011	0.26
Other income	6(17)	631,512	1.86	548,188	1.34
Other gains and losses	6(18)	(312,536)	(0.92)	198,934	0.48
Finance costs	6(19)	(84,288)	(0.25)	(89,223)	(0.22)
Share of profit of subsidiaries and associates	6(20)	710,624	2.10	3,607,464	8.80
Total non-operating income and expenses		1,206,604	3.56	4,373,374	10.66
INCOME BEFORE INCOME TAX		5,260,090	15.54	9,633,626	23.49
INCOME TAX EXPENSE	6(21)	(1,091,715)	(3.23)	(1,632,649)	(3.98)
NET INCOME		\$ 4,168,375	12.31	\$ 8,000,977	19.51
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	6(13)	(37,630)	(0.11)	123,634	0.30
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(1,690)	—	111	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(21)	7,526	0.02	(24,727)	(0.06)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(14)	(478,730)	(1.41)	494,678	1.21
Income tax relating to the components of other comprehensive income(loss)	6(21)	95,746	0.28	(98,936)	(0.24)
Other comprehensive (loss) income, net of income tax		(414,778)	(1.22)	494,760	1.21
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 3,753,597	11.09	\$ 8,495,737	20.72
EARNING PER SHARE					
Basic	6(15)	\$ 3.50		\$ 6.71	
Diluted	6(15)	\$ 3.48		\$ 6.67	

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to the owners of the Company							Total equity
	Capital Stock	Capital surplus	Retained earnings			Other equity		
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
BALANCE, JANUARY 1, 2022	\$ 11,918,206	\$ 1,060,226	\$ 2,736,311	\$ 226,467	\$ 16,776,614	\$ (338,826)	\$ (12,570)	\$ 32,366,428
Appropriations of prior year’s earnings								
Legal reserve	—	—	515,251	—	(515,251)	—	—	—
Special reserve	—	—	—	124,929	(124,929)	—	—	—
Cash dividends	—	—	—	—	(2,145,277)	—	—	(2,145,277)
Net income in 2022	—	—	—	—	8,000,977	—	—	8,000,977
Other comprehensive income in 2022, net of income tax	—	—	—	—	98,907	395,742	111	494,760
Total comprehensive income in 2022	—	—	—	—	8,099,884	395,742	111	8,495,737
BALANCE, DECEMBER 31, 2022	11,918,206	1,060,226	3,251,562	351,396	22,091,041	56,916	(12,459)	38,716,888
Appropriations of prior year’s earnings								
Legal reserve	—	—	809,989	—	(809,989)	—	—	—
Special reserve reversed	—	—	—	(338,937)	338,937	—	—	—
Cash dividends	—	—	—	—	(3,217,916)	—	—	(3,217,916)
Net income in 2023	—	—	—	—	4,168,375	—	—	4,168,375
Other comprehensive income in 2023, net of income tax	—	—	—	—	(30,104)	(382,984)	(1,690)	(414,778)
Total comprehensive income in 2023	—	—	—	—	4,138,271	(382,984)	(1,690)	3,753,597
BALANCE, DECEMBER 31, 2023	\$ 11,918,206	\$ 1,060,226	\$ 4,061,551	\$ 12,459	\$ 22,540,344	\$ (326,068)	\$ (14,149)	\$ 39,252,569

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,260,090	\$ 9,633,626
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	1,443,568	1,401,287
Amortization expense	9,006	12,657
Expected credit impairment loss (income)	(7,788)	9,535
Interest expense	84,288	89,223
Interest income	(261,292)	(108,011)
Share of profit of subsidiaries and associates	(710,624)	(3,607,464)
Loss on disposal of property, plant and equipment	497	33,277
Unrealized profit from sales	707	4,614
Realized profit on from sales	(14,723)	(25,281)
Other Item	—	(162)
Changes in operating assets and liabilities		
Accounts receivable	1,178,600	(665,040)
Receivables from related parties	424,471	(108,758)
Other receivables	142,987	(20,701)
Inventories	584,796	72,049
Prepayments	(2,672)	(19,652)
Other current assets	(2,625)	857
Other current financial assets	(455,999)	(276,847)
Notes payable	(888)	1,850
Accounts payable	567,370	326,219
Payables to related parties	(553,647)	281,504
Other payables	(626,274)	612,403
Provisions	(7,221)	(13,598)
Other current liabilities	(21,742)	208,508
Accrued pension liabilities	(136,517)	(136,444)
Cash generated from operations	6,894,368	7,705,651
Interest received	179,384	84,013
Interest paid	(81,704)	(83,895)
Income taxes paid	(1,122,610)	(841,592)
Net cash generated by operating activities	\$ 5,869,438	\$ 6,864,177

(Continued)

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	\$ (1,694,112)	\$ (100,000)
Payments for property, plant and equipment	(1,035,651)	(1,383,921)
Proceeds from disposal of property, plant and equipment	9,150	7,036
Increase in Refundable Deposits	(54,025)	(53,108)
Decrease in Refundable Deposits	46,559	45,649
Increase in other Receivables from related parties	(828,795)	(1,474,080)
Purchase of Intangible Assets	(21,832)	(11,672)
Net cash generated by (used in) investing activities	(3,578,706)	(2,970,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term borrowings	3,600,000	5,350,000
Decrease in long-term borrowings	(3,191,084)	(6,550,000)
Increase in guarantee deposits received	9,063	10,245
Decrease in guarantee deposits received	(4,005)	(3,075)
Repayment of the principal portion of lease liabilities	(34,793)	(33,517)
Cash dividends	(3,217,916)	(2,145,277)
Net cash generated by (used in) financing activities	(2,838,735)	(3,371,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(548,003)	522,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,568,004	5,045,547
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 5,020,001	\$ 5,568,004

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

COMPEQ MANUFACTURING CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

1. ORGANIZATION AND OPERATIONS

Compeq Manufacturing Co., Ltd. (the Compeq Company) was established in August 1973. It is engaged in the manufacture and sale of PCB (Printed Circuit Boards) for computer use. In January 1990, the Compeq Company's stocks were approved by the Financial Supervisory Commission (FSC) for listing on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 7, 2024.

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

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Disclosure of accounting policies (amendments to IAS 1)	January 1, 2023
Definition of accounting estimates (amendments to IAS 8)	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	January 1, 2023
International tax reform - pillar two model rules (amendments to IAS 12)	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Leases liability in a sale and leaseback (amendments to IFRS 16)	January 1, 2024
Classification of liabilities as current of non-current (amendments to IAS 1)	January 1, 2024
Non-current liabilities with covenants (amendments to IAS 1)	January 1, 2024
Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) The IFRSs issued by IASB but not yet endorsed by FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date Issued by IASB
Sale or contribution of assets between an investor and its associate of joint venture (amendments to IFRS 10 and IAS 28)	To be determined by IASB
Insurance contracts (IFRS 17)	January 1, 2023
Insurance contracts (amendments to IFRS 17)	January 1, 2023
Initial application of IFRS 17 and IFRS 9-comparative information (amendments to IFRS 17)	January 1, 2023
Lack of exchangeability (amendments to IAS 21)	January 1, 2025

As of the date the accompanying financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements").

(2) Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The subsidiaries, associates and jointly controlled entities are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

(3) Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligation expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(4) Foreign Currencies

In preparing the financial statements of each individual parent company only entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign-currency risks.
- C. For the items of currency receivable from or payable to foreign business operating institute, if there is no plan for liquidation or the liquidation is impossible to occur in the foreseeable future. Exchange differences arising on a monetary item that is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

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 recognized in profit or loss for the year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company' foreign operations (including of the subsidiaries, associates and joint ventures operating in other countries or using currencies different from the Company's) are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. 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.

(5) Cash equivalents

Cash equivalents refer to 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 time deposits and repurchase agreements collateralized by corporate bonds.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operation are classified as cash equivalents.

(6) Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or 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. For the determination of fair value, please refer to Note 12.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or Convention in the marketplace.

a. Measurement category

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

A) Financial asset at FVTPL

For certain financial assets which include debt instruments that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Any gain or loss arising from remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

B) Measured at amortized cost

When the company invest in financial assets simultaneously meets the following two conditions, the financial assets are classified as the ones carried at cost after amortization:

- a) The financial assets are held under a specific operation mode, in which the purpose of the mode is to hold the financial assets in order to collect contract cash flows.
- b) The cash flow generated on a specific date due to contract clauses is completely for the payment of the principal and the interest accrued from the outstanding principal amount.

Cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits are measured at amortized cost. Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Foreign exchange gains and losses are recognized in profit or loss.

b. Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The expected credit loss is calculated according to the average weighted credit loss in which the risk rated ratio of default occurrence is used in calculation. The 12-month expected credit loss represents the credit loss expected to occur to the financial instruments within 12 months after their reporting day due to possible default. The expected credit loss in the duration period refers to the credit loss expected to occur to the financial instruments in the expected duration period due to possible default.

The Company recognizes an impairment loss 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 Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

B. Equity instruments

Debt and equity instruments issued by a group entity 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 a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

C. Financial liabilities

a. Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

Financial liabilities measured at FVTPL are derivative financial instruments that do not meet the criteria for hedge accounting, and they are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Related net profits or net losses are listed in “other profits and losses” of the statement of comprehensive income.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the obligations are discharged cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

c. Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

D. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives 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 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. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(7) Inventories

Inventories are included supplies, raw materials, work in process and Finished goods. Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at weighted-average cost. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(8) Investments Accounted for Using Equity Method

Investments accounted for using the equity method is investments in subsidiaries.

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

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

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost exceeding the amount of the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as goodwill. Such goodwill includes the investment's book value which cannot be amortized. The amount exceeding the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as the current income.

When losing the control of its subsidiary, the Company measures its residual investment in the aforesaid subsidiary according to the fair value at the day that the Company loses its control of the subsidiary. The difference between the residual investment's fair value as well as any disposal amount and the investment book value at the day that the Company loses its control is listed as the current profit or loss. In addition, the accounting treatment of all the amounts related to the subsidiary in question and recognized in the comprehensive income is same as the basis required to be complied with in the Company's direct handling of related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(9) Property, Plant, and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties under construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization.

These properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. Each significant item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

Depreciation is computed by the straight-line method over the estimated useful lives. The estimated useful lives are as follows:

Buildings: 5-35 years; machinery and equipment: 6-10 years; computer equipment: 3-8 years; testing equipment: 5-8 years; pollution-prevention equipment: 3-10 years; transportation equipment: 5 years; furniture and fixtures: 5-8 years; other equipment: 5-15 years.

(10) Leases

The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentive received. Right-of-use assets are subsequently measured as cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

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

Lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in expected paid amount under the residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. If the carrying amount of the right-of-use assets has been reduced to zero, the remaining amount will be recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

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

(11) Intangible Assets

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 estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

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

(12) Impairment of Non-financial Assets

At each balance sheet date, the Company reviews the carrying amounts of their 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When amortization can be reasonably and consistently made, common assets can also be amortized to individual cash production units. Otherwise, the amortization shall be made to the minimum cash production unit group in a reasonable and consistent way.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of 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.

(13) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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.

The present obligation arising from any onerous contracts shall be listed and measured as a liability reserve. When the unavoidable cost required for obligation fulfillment of a signed contract exceeds the economic effect expected to gain from the contract, the contract shall be referred to as an onerous contract.

(14) Revenue recognition

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

- (a) Identify the contract with the customer;
- (b) Identify the performance obligations in the contract;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to the performance obligations in the contract; and
- (e) Recognize revenue when the entity satisfies a performance obligation.

Sales of goods

Revenue is recognized when the goods committed by the Company are transferred to the customer to fulfill the contract performance obligation, i.e. the revenue is recognized when the customer acquires the control right of the goods, in which the net amount of the contract price deducting estimated sales allowance is set aside and recognized. The revenue recognition amount is limited to the part where material reversal is very unlikely to occur, and the estimation is renewed at each balance sheet day. The allowance for sales discounts of the sales related estimates as of the balance sheet date is listed as the refund liabilities.

(15) Borrowing Costs

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

If a specific loan is used for temporary investment before being applied to the capital expenditure meeting required elements and therefore earns the investment income, it shall be deducted from the loan cost meeting the terms of capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee Benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

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), 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 represents the actual deficit in the Company'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.

(17) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

A. Current tax

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

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only 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 unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the Company 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 to be 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the parent company only financial statements.

(1) Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Company take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(2) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid industrial changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	\$ 4,250	\$ 6,799
Demand deposits and checking accounts	2,468,794	2,708,564
Cash equivalent		
Time deposits	2,224,675	2,247,513
Repurchase agreements of bonds	322,282	605,128
Total	<u>\$ 5,020,001</u>	<u>\$ 5,568,004</u>

(A) The bank deposits and bonds interest rate as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Demand deposits	0.001%~1.450%	0.001%~1.050%
Time deposits	1.100%~5.780%	0.850%~4.520%
Repurchase agreements of bonds	1.000%~1.050%	0.600%~4.200%

(B) The Company's bank time deposit certificates which are three months past the initial due dates are listed under the item of other financial assets-current. Please refer to note 6(4).

(2) NOTES AND ACCOUNTS RECEIVABLE- NET

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ —</u>	<u>\$ —</u>
Accounts receivable	7,306,232	8,484,832
Less: Loss allowance	<u>(94,013)</u>	<u>(101,801)</u>
Net	7,212,219	8,383,031
Receivables from related parties	22,471	446,942
Total	<u>\$ 7,234,690</u>	<u>\$ 8,829,973</u>

(A) The Company's notes receivable is all undue.

(B) The Company does not hold any collateral for its notes receivable and accounts receivable.

(C) The Company with which the estimated allowance for sales discounts is listed as the refund liabilities. As of December 31, 2023 and 2022, the balance of the refund liabilities were \$396,188 thousand and \$421,205 thousand (listed as other current liabilities), respectively.

(D) The aging analysis of accounts receivable with expected credit losses were determined as follows:

(a) December 31, 2023

	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	\$ 7,246,759	0%~10%	\$ 63,996
Past due less than 30 days	75,813	0%~10%	28,289
Past due 31-100 days	4,401	0%~10%	2
Past due less than 101- 180 days	8	50%~60%	4
Past due 181-365 days	1,722	100%	1,722
Total	<u>\$ 7,328,703</u>		<u>\$ 94,013</u>

(b) December 31, 2022

	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	\$ 8,749,551	0%~10%	\$ 97,485
Past due less than 30 days	171,399	0%~10%	1,523
Past due 31-100 days	6,071	0%~10%	12
Past due less than 101- 180 days	3,945	50%~60%	1,973
Past due 181-365 days	808	100%	808
Total	<u>\$ 8,931,774</u>		<u>\$ 101,801</u>

The above aging schedule was based on the past due date.

(E) Movements of the allowance for doubtful accounts were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	\$ 101,801	\$ 92,266
Provision (Reversal)	(7,788)	9,535
Balance, end of year	<u>\$ 94,013</u>	<u>\$ 101,801</u>

(3) INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials	\$ 457,824	\$ 560,834
Supplies	86,153	100,369
Work in process	1,070,674	1,083,451
Finished goods	867,039	1,326,917
Goods	9,102	4,017
Total	<u>\$ 2,490,792</u>	<u>\$ 3,075,588</u>

(A) As of December 31, 2023 and 2022, the allowance for inventory devaluation (including normal and idle products) were \$621,552 thousand and \$675,847 thousand, respectively.

(B) The cost of inventories recognized as cost of sales for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
The cost of goods sold	\$ 27,549,052	\$ 33,629,204
Provision for (Reversal of) loss on inventories	5,544	(52,335)
Loss on scrapped inventories	111,548	262,513
Income from scrap sales	(284,719)	(341,899)
Unamortized fixed manufacturing costs	583,612	87,974
Total	<u>\$ 27,965,037</u>	<u>\$ 33,585,457</u>

The reversal of loss on inventories in 2022 was due to a better product structure.

(4) OTHER CURRENT FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
Non-cash equivalent of time deposits	\$ 2,250,000	\$ 1,794,120
Restricted time deposits	10,174	10,055
Total	<u>\$ 2,260,174</u>	<u>\$ 1,804,175</u>

The interest rate interval of the balance sheet date of the financial were as follows:

	December 31, 2023	December 31, 2022
Interest rate interval	<u>1.150%~1.575%</u>	<u>1.085%~5.400%</u>

Detail of the other current-financial assets to others as collateral are provided in Note 8.

(5) INVESTMENT ACCOUNTED FOR EQUITY METHOD

Subsidiaries	Carrying Amount		% of Ownership and Voting Right Held by the Company	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Subsidiaries:				
HUATON HOLDINGS LIMITED	\$ 27,975,453	\$ 27,785,193	100.00%	100.00%
PELICAN COVE INVESTMENT LTD.	752,889	736,734	100.00%	100.00%
Hua Nian Investment Ltd.	333,630	287,734	100.00%	100.00%
LITON HOLDINGS LIMITED	1,268	1,359	100.00%	100.00%
COMPEQ(Thailand) Co., Ltd.	1,689,409	—	100.00%	—
Total	<u>\$ 30,752,649</u>	<u>\$ 28,811,020</u>		

The equity method was adopted for recognizing subsidiary's profit or loss and the share of other comprehensive profit or loss of 2023 and 2022, in which the recognition was calculated according to the subsidiary's financial statements audited by the CPA in the same period.

(6) PROPERTY, PLANT AND EQUIPMENT

Item	For the Year Ended December 31, 2023				
	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Land	\$ 679,148	\$ —	\$ —	\$ —	\$ 679,148
Buildings and structures	3,570,573	21,268	(3,257)	—	3,588,584
Machinery and equipment	13,780,847	542,211	(53,974)	—	14,269,084
Computer equipment	107,003	6,332	(1,856)	—	111,479
Testing equipment	1,909,526	60,002	(39,845)	—	1,929,683
Pollution Prevention equipment	642,989	7,158	—	—	650,147
Transportation equipment	50,931	—	(3,104)	—	47,827
Office equipment	49,359	—	(67)	—	49,292
Other facilities	4,953,162	197,899	(14,742)	—	5,136,319
Construction in progress	280,057	(134,814)	—	—	145,243
Total	<u>\$ 26,023,595</u>	<u>\$ 700,056</u>	<u>\$ (116,845)</u>	<u>\$ —</u>	<u>\$ 26,606,806</u>
<u>Accumulated depreciation and impairment</u>					
Buildings and structures	\$ 3,155,539	\$ 95,438	\$ (2,965)	\$ —	\$ 3,248,012
Machinery and equipment	8,529,887	872,391	(47,872)	—	9,354,406
Computer equipment	93,951	5,078	(1,785)	—	97,244
Testing equipment	982,751	146,541	(36,321)	—	1,092,971
Pollution Prevention equipment	485,601	27,820	—	—	513,421
Transportation equipment	36,831	3,842	(491)	—	40,182
Office equipment	47,699	15	(64)	—	47,650
Other facilities	3,863,001	259,225	(14,403)	—	4,107,823
Total	<u>17,195,260</u>	<u>\$ 1,410,350</u>	<u>\$ (103,901)</u>	<u>\$ —</u>	<u>18,501,709</u>
Net	<u>\$ 8,828,335</u>				<u>\$ 8,105,097</u>

For the Year Ended December 31, 2022

Item	Balance, Beginning of year	Additions	Disposals	Reclassifications	Balance, End of year
<u>Cost</u>					
Land	\$ 679,148	\$ —	\$ —	\$ —	\$ 679,148
Buildings and structures	3,550,122	20,767	(316)	—	3,570,573
Machinery and equipment	13,262,230	866,851	(348,370)	136	13,780,847
Computer equipment	105,143	4,091	(2,231)	—	107,003
Testing equipment	1,810,722	123,850	(25,046)	—	1,909,526
Pollution Prevention equipment	638,235	11,107	(6,353)	—	642,989
Transportation equipment	48,755	5,485	(3,309)	—	50,931
Office equipment	49,399	—	(40)	—	49,359
Other facilities	4,766,359	238,625	(51,822)	—	4,953,162
Construction in progress	331,436	(51,379)	—	—	280,057
Total	\$ 25,241,549	\$ 1,219,397	\$ (437,487)	\$ 136	\$ 26,023,595
<u>Accumulated depreciation and impairment</u>					
Buildings and structures	\$ 3,058,365	\$ 97,420	\$ (246)	\$ —	\$ 3,155,539
Machinery and equipment	8,001,288	843,282	(314,683)	—	8,529,887
Computer equipment	90,670	5,461	(2,180)	—	93,951
Testing equipment	865,731	139,018	(21,998)	—	982,751
Pollution Prevention equipment	461,715	29,120	(5,234)	—	485,601
Transportation equipment	35,937	4,152	(3,258)	—	36,831
Office equipment	47,710	28	(39)	—	47,699
Other facilities	3,658,417	251,058	(46,474)	—	3,863,001
Total	16,219,833	\$ 1,369,539	\$ (394,112)	\$ —	17,195,260
Net	\$ 9,021,716				\$ 8,828,335

(A) The significant part of the Company's buildings includes main plants and affiliated equipment and the related depreciation is calculated using the estimated useful lives of 20 to 35 years, and 5 to 30 years, respectively.

(B) As of December 31, 2023 and 2022, the Company mortgaged or pledged property, plant and equipment, see Note 8.

(7) LEASE

(A) Right-of-use assets

Carrying amounts	December 31, 2023	December 31, 2022
Land	\$ 6,798	\$ 11,413
Buildings	111,417	127,472
Transportation equipment	18,404	10,276
Total	\$ 136,619	\$ 149,161

Depreciation of right-of-use assets	For the Year Ended December 31	
	2023	2022
Land	\$ 4,615	\$ 4,497
Buildings	21,497	18,718
Machinery and equipment	—	5,379
Transportation equipment	7,106	3,154
Total	<u>\$ 33,218</u>	<u>\$ 31,748</u>

For the year ended December 31, 2023 and 2022, the addition to right-of-use assets were \$20,676 thousand and \$40,703 thousand, respectively.

(B) Lease liabilities

Carrying amounts	December 31, 2023	December 31, 2022
Lease liabilities-current	\$ 30,961	\$ 29,333
Lease liabilities-noncurrent	100,178	113,667
Total	<u>\$ 131,139</u>	<u>\$ 143,000</u>
Ranges of discount rates for lease liabilities	1.420%~1.700%	1.420%~1.700%

(C) Other lease information

Items affecting profit or loss	For the Year Ended December 31	
	2023	2022
Interest expense on lease liabilities	<u>\$ 2,256</u>	<u>\$ 2,499</u>
Expenses relating to short-term and low-value assets leases	<u>\$ 7,980</u>	<u>\$ 9,176</u>

For the year ended December 31, 2023 and 2022, the Company's cash outflow for leases were \$42,773 thousand and \$42,693 thousand, respectively.

(8) INTANGIBLE ASSETS

Item	For the Year Ended December 31, 2023			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Software and system cost	\$ 48,036	\$ 21,832	\$ (8,508)	\$ 61,360
<u>Accumulated amortization</u>				
Software and system cost	24,667	7,766	(8,508)	23,925
Net	<u>\$ 23,369</u>	<u>\$ 14,066</u>	<u>\$ —</u>	<u>\$ 37,435</u>
Item	For the Year Ended December 31, 2022			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Software and system cost	\$ 68,842	\$ 11,672	\$ (32,478)	\$ 48,036
<u>Accumulated amortization</u>				
Software and system cost	46,193	10,952	(32,478)	24,667
Net	<u>\$ 22,649</u>	<u>\$ 720</u>	<u>\$ —</u>	<u>\$ 23,369</u>

Amortization for 2023 and 2022 were recognized in operating cost and operating expenses \$848 thousand, \$6,918 thousand, \$718 thousand, \$10,234 thousand, respectively.

(9) NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31, 2023	December 31, 2022
Notes payable	\$ 962	\$ 1,850
Account payable	3,128,837	2,561,467
Payable to related parties	3,484,874	4,038,521
Total	\$ 6,613,711	\$ 6,601,838

(A) The average credit purchase period of payables is 60 to 120 days. The Company has set up its financial risk management policy, so as to ensure that all the payables could be liquidated within the agreed credit period.

(B) For the disclosure of the Company's payables exposing currency and liquidity risks and other payables, please refer to Note 12.

(10) OTHER PAYABLES

	December 31, 2023	December 31, 2022
Machinery and Equipment payable	\$ 167,117	\$ 502,712
Employee Bonus payable	108,062	197,097
Salary and wages payable	129,973	142,366
Annual bonuses payable	1,166,060	1,539,138
Commissions payable	38,534	55,698
Processing payable	155,306	267,295
Maintenance payable	197,511	240,765
Interest payable	4,560	4,232
Employee vacation payable	78,610	79,783
Freight charge payable	54,253	43,714
Other payable	181,130	169,857
Total	\$ 2,281,116	\$ 3,242,657

(11) PROVISIONS- CURRENT

For the Year Ended December 31, 2023			
	Other	Onerous contracts	Total
Balance, beginning of the year	\$ 141,363	\$ 3,431	\$ 144,794
Recognized (Reversed)	(4,935)	(2,286)	(7,221)
Balance, end of the period	\$ 136,428	\$ 1,145	\$ 137,573

For the Year Ended December 31, 2022			
	Other	Onerous contracts	Total
Balance, beginning of the year	\$ 139,566	\$ 18,826	\$ 158,392
Recognized (Reversed)	1,797	(15,395)	(13,598)
Balance, end of the period	\$ 141,363	\$ 3,431	\$ 144,794

(A) Other liability reserves refer to the estimation of the accrued expenses with the liability reserve character, which is written off when the expense is incurred.

(B) The onerous contract loss reserve refers the loss on onerous contracts recognized due to the fulfillment cost of signed contracts exceeding expected economic effect. The estimation is written off when a contract is fulfilled.

(C) Given that the aforesaid reserve was prepared for the short run or for discount and the impact was not significant, they were not discounted.

(12) LONG-TERM BORROWINGS

Creditors	Description	No.	December31, 2023	December31, 2022	Expiry Date
			Amount	Amount	
Chang Hwa Bank	Unsecured borrowings	1	\$ 106,250	\$ 150,000	05/15/2025
Chang Hwa Bank	"	1	150,000	200,000	06/15/2025
Mega International Commercial-Bank	"	2	54,000	75,000	06/15/2025
E. Sun Bank	"	1	75,000	100,000	06/15/2025
Bank of Taiwan	"	1	187,500	250,000	06/15/2025
E. Sun Bank	"	1	79,167	100,000	07/15/2025
Far Eastern International Bank	"	1	197,917	250,000	07/15/2025
Mega International Commercial-Bank	"	2	57,000	75,000	07/15/2025
Land Bank of Taiwan	"	1	277,082	350,000	07/15/2025
Bank of Taiwan	"	1	175,000	200,000	09/15/2025
Hwa Nan Bank	"	1	250,000	250,000	09/15/2026
Taipei Fubon commercial Bank (Union loan)	"	3	2,000,000	2,000,000	08/29/2027
Taipei Fubon commercial Bank (Union loan)	"	4	—	1,000,000	08/29/2027
First Bank	"	1	400,000	—	07/15/2028
Land Bank of Taiwan	"	1	200,000	—	09/15/2028
Taipei Fubon commercial Bank	"	5	300,000	—	09/15/2028
Bank of Taiwan	"	1	200,000	—	10/15/2028
Mega International Commercial-Bank	"	6	300,000	—	09/25/2030
KGI Bank	"	7	200,000	—	09/25/2030
Bank of Taiwan	"	7	200,000	—	12/01/2030
Total			<u>\$ 5,408,916</u>	<u>\$ 5,000,000</u>	
Current			<u>\$ 903,251</u>	<u>\$ 391,084</u>	
Noncurrent			<u>\$ 4,505,665</u>	<u>\$ 4,608,916</u>	
Rate			<u>1.200%~2.139%</u>	<u>1.075%~1.861%</u>	

(A) Please refer to Note 8. For property, plant and equipment pledged as collateral for long-term borrowing.

(B) Explanation:

No.1: Five-year term loan, repayable in 24 installments, interest to be paid monthly.

No.2: Five-year term loan, repayable in 25 installments, interest to be paid monthly.

No.3: Five-year term loan, repayable in 5 installments, interest to be paid monthly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.4: Five-year term loan, become due once repay, interest to be paid monthly. Also, as agreed, within the loan duration, specific current ratio, debt ratio and times of interest earned shall be maintained in accordance with the yearly consolidated financial statements.

No.5: Five-year term loan, repayable in 4 installments, interest to be paid monthly.

No.6: Seven-year term loan, repayable in 5 installments, interest to be paid monthly.

No.7: Seven-year term loan, repayable in 9 installments, interest to be paid monthly.

(13) RETIRED BENEFIT PLANS

(A) Defined contribution plans

The Compeq Company adopted a pension plan according to the Labor Pension Act (the “LPA”), which is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. Accordingly, the Company recognized expenses of \$120,056 thousand and \$122,179 thousand in the parent company only statements of comprehensive income ended December 31, 2023 and 2022, respectively.

(B) Defined benefit plans

(a) The Compeq Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contributed amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

- (b) The pension costs of the defined benefit plans recognized in the parent company only statements of comprehensive income were as follows:

	For the Year Ended December 31	
	2023	2022
Current service cost	\$ 8,571	\$ 10,130
Net interest on the defined benefit liabilities	2,044	2,988
Recognized in profit or loss	10,615	13,118
Remeasurement:		
Expected return on plan assets	(11,205)	(86,456)
Actuarial loss (gain) arising from experience adjustments	(23,025)	43,835
Actuarial loss (gain) arising from changes in demographic assumptions	344	116
Actuarial loss (gain) arising from changes in financial assumptions	71,516	(81,129)
Components of defined benefit cost recognized in other comprehensive income	37,630	(123,634)
Total	\$ 48,245	\$ (110,516)

The pension costs of the defined benefit plans were recognized in profit or loss by the follows categories:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 8,092	\$ 10,127
Selling and marketing expenses	250	196
General and administrative expenses	1,021	1,340
Research and development expenses	1,252	1,455
Total	\$ 10,615	\$ 13,118

- (c) The amount arising from the defined benefit obligations of the Company in the parent company only balance sheets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 1,522,345	\$ 1,598,019
Fair value of plan assets	(1,400,790)	(1,377,577)
Net defined benefit liabilities	\$ 121,555	\$ 220,442

(d) Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	\$ 1,598,019	\$ 1,735,773
Current service cost	8,571	10,130
Interest cost	19,443	11,918
Benefits paid from plan assets	(152,523)	(122,624)
Defined benefit obligation pre-registration	1,473,510	1,635,197
Re-measurement:		
Actuarial loss (gain) arising from experience adjustment	(23,025)	43,835
Actuarial loss (gain) arising from changes in demographic assumptions	344	116
Actuarial loss (gain) arising from changes in financial assumptions	71,516	(81,129)
Ending of defined benefit obligation	\$ 1,522,345	\$ 1,598,019

(e) Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	\$ 1,377,577	\$ 1,255,253
Expected return on plan assets	17,398	8,929
Re-measurement:		
Return on plan assets	11,205	86,456
Contributions from the employer	134,944	138,233
Benefits paid from plan assets	(140,334)	(111,294)
Balance, end of year	\$ 1,400,790	\$ 1,377,577
Actual return of plan assets	\$ 28,603	\$ 95,386

(f) The fair value of the plan assets by major categories at the end of reporting period were as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 1,400,790	\$ 1,377,577

- (g) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.20%	1.25%
Future salary rate increase	1.50%	1.00%

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

- a. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

- b. 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.

Assuming a hypothetical decrease in interest rate at the end of the reporting period contributed to a decrease of 0.25% in the discount rate and all other assumptions were held constant, the present value of the defined benefit obligation would increase by \$34,209 thousand and \$36,115 thousand as of December 31, 2023 and 2022, respectively.

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

Assuming the expected salary rate increases by 0.25% at the end of the reporting period and all other assumptions were held constant, the present value of the defined benefit obligation would increase by \$34,021 thousand and \$36,115 thousand as of December 31, 2023 and 2022, respectively.

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.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the parent company only balance sheets.

- (h) The Company expects to make contributions of \$109,629 thousand to the defined benefit plans in the next year starting from December 31, 2023. The weighted average duration of the defined benefit obligation is 8 years.

(14) EQUITY

(A) Capital stock

	December 31, 2023	December 31, 2022
Numbers of shares authorized	\$ 16,000,000	\$ 16,000,000
Shares issued	\$ 11,918,206	\$ 11,918,206

- (a) The capital stock represents common stock with 10 dollars par value, and carry one vote per share and the right to dividends.
- (b) The Compeq Company's authorized capital was \$16,000,000 thousand by Ministry of Economic Affairs, including 100,000 thousand shares reserved for the conversion of employee's stock warrants and 308,179 thousand shares of convertible bonds payable, which have not been issued.

(B) Capital surplus

	December 31, 2023	December 31, 2022
Convertible bonds	\$ 935,127	\$ 935,127
Accrued interest-premium of convertible bonds	30,609	30,609
Other	94,490	94,490
Total	\$ 1,060,226	\$ 1,060,226

Under the Securities and Exchange Act, capital surplus can only be used to offset a deficit when reserves are insufficient. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to 10% of the Company's paid-in capital and once a year. Under the Company Act newly revised on January 4, 2012, capital surplus shall be distributed by cash. Also, the capital surplus from long-term investments may not be used for any purpose.

(C) Retained earnings

- (a) The Compeq Company's articles of incorporation are as follows:

After the annual accounting settlement, if The Compeq Company has any earnings left, it shall first use the earnings to cover losses by law, followed by setting aside 10% of the remaining earnings as the legal surplus reserve. However, it is not limited to the circumstance where the legal surplus reserve has already reached the paid-up capital. Then, after setting aside the legal surplus reserve as required by law or competent authorities or reversing the special surplus reserve, the balance becomes the distributable earnings of the prevailing year. The distributable earnings of the prevailing year along with the undistributed earnings accumulated in the beginning of the same period are the earnings available for distribution, which shall be distributed in accordance with the principle below:

- a. Given that The Compeq Company is in the technology industry and by considering the needs for reinforcing its corporate financial structure, fostering its operating earnings and expanding its business scale, it plans to adopt the residual dividend policy to strength its growth and sustainable operation.
 - b. According to the factors in the current and future investment environment, capital requirements, profitability, local and foreign competition status and capital budgeting, the board of directors of The Compeq Company plans to draft an earnings distribution proposal, which will be resolved by the board of shareholders. When distributing earnings, the earnings to be distributed shall come from those that are available for distribution, and, in principle, the contribution amount shall be no lower than 10% of the distributable earnings of the prevailing year.
 - c. The Compeq Company may distribute its earnings by cash or stock, in which, in principle, the ratio of cash dividend shall not be lower than 50% of the total dividend amount.
- (b) The Compeq Company has separately set up its employee remuneration distribution policy in its articles of incorporation. The information about the employee and director's compensation, please refer to Note 6(22).
- (c) According to the revised Company Law, effective January 2012, the appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

- (d) Pursuant to existing regulations, The Compeq Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity items (including exchange differences on translating foreign operations, unrealized gain [loss] on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of a cash flow hedge). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.
- (e) Under Rule No. 1010012865 issued by the FSC on April 6, 2012 on the first-time adoption of Taiwan-IFRSs, the Compeq Company should appropriate to a special reserve an amount that is the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Compeq Company's use of exemptions under IFRS 1. However, at the date of transition to Taiwan-IFRSs, if the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments will be appropriated to special reserve. This special reserve may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The Compeq Company without appropriated the special reserve because the unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings were both recognize \$0 thousand.
- (f) The Compeq appropriations of earnings for 2023 had been proposed in the meeting of Board of Directors held on March 7, 2024. The appropriations and dividends per share were as follow:

	Appropriation of Earnings	Dividends per Share (NT\$)
Legal reserve	\$ 413,827	
Special reserve	327,758	
Cash dividends	1,787,731	\$ 1.5
Total	<u>\$ 2,529,316</u>	

The appropriations of earnings for 2023 is to be presented for approval in the Compeq's shareholders' meeting to be held on May 30, 2024 (expected).

(g) The Compeq appropriations of earnings for 2022 had been proposed in the meeting of Board of Directors held on March 9, 2023 and approved in the meeting of shareholders on June 15, 2023. The Compeq Company's earning allocation for the previous year of 2021 was approved in the regular meeting of shareholders on July 9, 2022. The actual allocation of employees' bonus and remuneration to director auditors is the same as the proposed allocation passed by the board of directors. The appropriations and dividends per share were as follows:

	For Fiscal Year 2022		For Fiscal Year 2021	
	Appropriation of Earnings	Dividends per Share (NT\$)	Appropriation of Earnings	Dividends per Share (NT\$)
Legal reserve	\$ 809,989		\$ 515,251	
Special reserve	(338,937)	\$ 2.70	124,929	\$ 1.80
Cash dividends	3,217,916		2,145,277	
Total	<u>\$ 3,688,968</u>		<u>\$ 2,785,457</u>	

(D) Other equity items

	For the Year Ended December 31, 2023		
	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total
Balance, beginning of year	\$ 56,916	\$ (12,459)	\$ 44,457
Exchange differences on translation of foreign operations	(478,730)	—	(478,730)
Exchange differences on translation of foreign operations income tax	95,746	—	95,746
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	—	(1,690)	(1,690)
Balance, end of year	<u>\$ (326,068)</u>	<u>\$ (14,149)</u>	<u>\$ (340,217)</u>

	For the Year Ended December 31, 2022		
	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total
Balance, beginning of year	\$ (338,826)	\$ (12,570)	\$ (351,396)
Exchange differences on translation of foreign operations	494,678	—	494,678
Exchange differences on translation of foreign operations income tax	(98,936)	—	(98,936)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	—	111	111
Balance, end of year	<u>\$ 56,916</u>	<u>\$ (12,459)</u>	<u>\$ 44,457</u>

(15) EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic EPS	\$ 3.50	\$ 6.71
Diluted EPS	\$ 3.48	\$ 6.67

EPS is computed as follows:

(A) Basic earnings per share

	For the Year Ended December 31	
	2023	2022
Net income for the period attributable to owners of the Corporation	\$ 4,168,375	\$ 8,000,977
Weighted average number of ordinary shares outstanding (in thousand shares)	1,191,821	1,191,821
Basic EPS	\$ 3.50	\$ 6.71

(B) Diluted earnings per share

	For the Year Ended December 31	
	2023	2022
Net income for the period attributable to owners of the Corporation	\$ 4,168,375	\$ 8,000,977
Weighted average number of ordinary shares outstanding (in thousand shares)	1,191,821	1,191,821
Assumed conversion of all dilutive potential ordinary shares		
Employees' remuneration (in thousand shares)	5,647	6,847
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	1,197,468	1,198,668
Diluted EPS	\$ 3.48	\$ 6.67

(16) OPERATING REVENUES

The analysis of the Company operating revenues was as follows:

	For the Year Ended December 31	
	2023	2022
Taiwan	\$ 2,448,347	\$ 1,803,901
United States	2,964,968	3,667,059
Asia	28,231,407	35,394,973
Europe	70,150	86,511
Other	133,973	52,595
Total	\$ 33,848,845	\$ 41,005,039

(17) OTHER INCOME

	For the Year Ended December 31	
	2023	2022
Rent income	\$ 229	\$ 229
Premium income	105,487	219,778
Other income, other	525,796	328,181
Total	<u>\$ 631,512</u>	<u>\$ 548,188</u>

(18) OTHER GAINS AND LOSSES

	For the Year Ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment (losses)	\$ (497)	\$ (33,277)
Foreign exchange gains (losses)	(61,704)	405,539
Gains on financial assets (liabilities) at fair value through profit or losses	—	(24,232)
Onerous contracts (losses)	2,286	15,395
Miscellaneous disbursements	(252,621)	(164,491)
Total	<u>\$ (312,536)</u>	<u>\$ 198,934</u>

(19) FINANCE COSTS

	For the Year Ended December 31	
	2023	2022
Interest expense	\$ 84,055	\$ 88,820
Interest on lease liabilities	2,256	2,249
Procedural expense	—	350
Less: interest capitalized	(2,023)	(2,196)
Total	<u>\$ 84,288</u>	<u>\$ 89,223</u>
Capitalization rates	<u>1.583%~1.895%</u>	<u>1.422%~1.622%</u>

(20) SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	For the Year Ended December 31	
	2023	2022
Share of profit of subsidiaries	<u>\$ 710,624</u>	<u>\$ 3,607,464</u>

(21) INCOME TAX

(A) Income tax recognized in profit or loss

(a) Income tax expense consisted of the following:

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
Current tax expense recognized in the current year	\$ 871,108	\$ 1,228,759
Additional 10% tax on undistributed earnings	220,546	117,453
Adjustments for prior year's income tax	(64,487)	(24,104)
Income tax credits	(95,001)	(100,875)
	932,166	1,221,233
Deferred income tax expense (benefit)		
The origination and reversal of temporary difference	159,549	411,416
Income tax expense recognized in profit or loss	\$ 1,091,715	\$ 1,632,649

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

	For the Year Ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 1,052,018	\$ 1,926,725
Tax effect of adjusting items:		
Nondeductible (deductible items in determining taxable income)	(180,910)	(697,966)
Additional income tax on undistributed earnings	220,546	117,453
The origination and reversal of temporary difference	159,549	411,416
Adjustments for prior year's income tax	(64,487)	(24,104)
Income tax credits	(95,001)	(100,875)
Income tax expense recognized in profit or loss	\$ 1,091,715	\$ 1,632,649

(B) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	\$ 59,481	\$ 20,248
Current tax liabilities		
Income tax payable	\$ 859,285	\$ 1,010,496

(C) Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax expenses (income)</u>		
Current year		
Exchange differences on translation of foreign operations	\$ (95,746)	\$ 98,936
Remeasurement of defined benefit obligation	(7,526)	24,727
Income tax expense (benefit) recognized in the components of other comprehensive income	\$ (103,272)	\$ 123,663

(D) Deferred income tax balance

(a) The analysis of deferred income tax in the parent company only Balance Sheets was as follows:

	For the Year Ended December 31, 2023			
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of year
Temporary difference				
Accounts receivable	\$ 91,968	\$ (3,355)	\$ —	\$ 88,613
Inventories	135,750	(7,173)	—	128,577
Other payables	49,330	(20,953)	—	28,377
Provisions	12,253	(4,444)	—	7,809
Net defined benefit liabilities	48,355	(24,865)	7,526	31,016
Other current liabilities	40,046	(11,702)	—	28,344
Unrealized loss on exchange	8,567	15,055	—	23,622
Exchange differences on translation of foreign operations	—	—	81,517	81,517
Other	—	261	—	261
Deferred tax assets	\$ 386,269	\$ (57,176)	\$ 89,043	\$ 418,136
Temporary difference				
Investment gain	\$ 3,791,392	\$ 106,140	\$ —	\$ 3,897,532
Exchange differences on translation of foreign operations	14,229	—	(14,229)	—
Other	9,490	(3,767)	—	5,723
Deferred tax liabilities	\$ 3,815,111	\$ 102,373	\$ (14,229)	\$ 3,903,255

For the Year Ended December 31, 2022				
	Balance, Beginning of year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of year
Temporary difference				
Accounts receivable	\$ 50,703	\$ 41,265	\$ —	\$ 91,968
Inventories	114,081	21,669	—	135,750
Other payables	28,412	20,918	—	49,330
Provisions	7,973	4,280	—	12,253
Net defined benefit liabilities	98,105	(25,023)	(24,727)	48,355
Other current liabilities	82,204	(42,158)	—	40,046
Unrealized loss on exchange	5,546	3,021	—	8,567
Exchange differences on translation of foreign operations	84,707	—	(84,707)	—
Deferred tax assets	<u>\$ 471,731</u>	<u>\$ 23,972</u>	<u>\$ (109,434)</u>	<u>\$ 386,269</u>
Temporary difference				
Investment gain	\$ 3,359,435	\$ 431,957	\$ —	\$ 3,791,392
Exchange differences on translation of foreign operations	—	—	14,229	14,229
Other	6,059	3,431	—	9,490
Deferred tax liabilities	<u>\$ 3,365,494</u>	<u>\$ 435,388</u>	<u>\$ 14,229</u>	<u>\$ 3,815,111</u>

(b) Items for which no deferred tax assets have been recognized

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 44,722</u>	<u>\$ 37,357</u>

(c) The reduction in income tax expenses of the year about the laws and decrees, items, income tax credits and expiry date of unused income tax credits were as follows:
None.

(E) Income tax assessments

The Compeq Company's income tax was returns through 2021 have been assessed by the tax authorities.

(F) The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2023 and 2022, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities were \$280,276 thousand and \$260,928 thousand, respectively.

(22) THE PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES OF THE COMPANY

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Personnel expenses	\$3,766,324	\$ 970,543	\$4,736,867	\$4,098,881	\$1,182,812	\$5,281,693
Direct labor	1,558,612	—	1,558,612	1,619,783	—	1,619,783
Payroll expense	1,550,439	816,077	2,366,516	1,819,143	1,040,137	2,859,280
Insurance expense	289,832	68,479	358,311	280,941	63,891	344,832
Pension	98,528	32,143	130,671	103,543	31,754	135,297
Board compensation	—	12,125	12,125	—	7,400	7,400
Others	268,913	41,719	310,632	275,471	39,630	315,101
Depreciation	1,406,946	36,622	1,443,568	1,369,728	31,559	1,401,287
Amortization	2,088	6,918	9,006	2,424	10,233	12,657

(A) As of December 31, 2023 and 2022, the Company had 4,606 and 4,945 employees, respectively. There were 4 and 5 non-employee directors, respectively.

(B) The Company's average employee benefit expense for the year ended December 31, 2023 and 2022 were \$1,027 thousand and \$1,068 thousand, respectively. The Company's average salary expense for the ended December 31, 2023 and 2022 were \$853 thousand and \$907 thousand, respectively. The Company's average salary expense adjustment for the year ended December 31, 2023 increased by (5.95%).

(C) The Company has established the Audit Committee in replace of supervisors and therefore the supervisors' remuneration for the year ended December 31, 2023 and 2022 were both nil.

(D) The Company's compensation policies—directors, managers and employees :

(a) The compensation of directors shall be paid in accordance with the resolution of the board of directors for each attendance of the board of directors. The directors and independent directors shall receive fixed compensation. It is reviewed by the Compensation Committee then submitted to the board of directors for approval.

- (b) The compensation of employees shall be handled in accordance with the company's "salary payment method, bonus/allowance payment method, attendance management method, performance management method, indirect employee salary assessment method", and the salary shall be determined according to their position, seniority, job title and professional ability , Year-end bonuses and profit sharing bonus to employees shall be determined to the company's actual operating conditions and employees' personal work performance.
 - (c) The compensation paid to managers is linked to the company's operating performance. The compensation is reviewed by the Compensation Committee then submitted to the board of directors for approval.
- (E) According to the articles of the Compeq Company, if the Compeq Company has any profit in its comprehensive income statement of the prevailing year, 2% of the aforesaid profit shall be contributed for the employee compensation. The aforesaid profit refers to the benefit earned before deducting employee compensation from before-tax net profit. However, in case that the Compeq Company has any accumulated loss, it shall reserve an amount to cover the loss before contributing the amount for employee compensation according to the aforesaid ratio.
- The preceding employee compensation can be distributed by either stock or cash, which shall be adopted by a majority of the directors of the Compeq Company present at the meeting attended by more than two-thirds of the entire body of directors and reported to the board of shareholders before implementation.
- (F) The estimate of the Compeq Company's employee compensation for 2023 and 2022 was \$107,349 thousand and \$196,605 thousand respectively. According to the profit status as of the prevailing period, the aforesaid estimates were listed as operating cost and operating expenses pursuant to the articles of incorporation. Any change in the annual financial statements after its publication day shall be processed according to the accounting estimate change, in which the change amount shall be adjusted and recorded in the following year.
- (G) The Compeq Company's profit sharing bonus to employees in the amounts of \$196,605 thousand and \$130,096 thousand in cash for 2022 and 2021, respectively, had been approved by the meeting of Board of Directors held on March 11, 2023 and March 11, 2022, respectively. The Company's profit sharing bonus to compensation to directors for the year ended December 31, 2023 and 2022 were both nil. There was no difference between the actual amounts of employees' compensation and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021 respectively.

(H) The information about the appropriations of The Compeq Company's profit sharing bonus to employees and compensation to directors is available at the Market Observation Post System website.

(23) CASH FLOW INFORMATION

(A) Non-cash transactions

	2023	2022
Increase in property, plant and equipment	\$ 700,056	\$ 1,219,397
Changes in Machinery and Equipment payable	335,595	164,524
Payments for acquisition of property, plant and equipment	\$ 1,035,651	\$ 1,383,921

(B) Changes in liabilities from financing activities

	Long-term borrowings (Current portion of long-term borrowings)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	\$ 5,000,000	\$ 143,000	\$ 5,143,000
Changes in cash flow from financing activities	408,916	(34,793)	374,123
Changes in Other non-cash items	—	22,932	22,932
December 31, 2023	\$ 5,408,916	\$ 131,139	\$ 5,540,055

	Long-term borrowings (Current portion of long-term borrowings)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	\$ 6,200,000	\$ 133,565	\$ 6,333,565
Changes in cash flow from financing activities	(1,200,000)	(33,517)	(1,233,517)
Changes in Other non-cash items	—	42,952	42,952
December 31, 2022	\$ 5,000,000	\$ 143,000	\$ 5,143,000

7. RELATED PARTY TRANSACTIONS

(1) Related party name and categories:

Related Party Name	Related Party Categories
Huaton Holdings Limited (HHL)	Subsidiary
Pelican Cove Investment Ltd. (PCI)	Subsidiary
COMPEQ (Thailand) Co., Ltd.	Subsidiary
Compeq Manufacturing (Huizhou) Co., Ltd. (CC)	HHL's subsidiary
Compeq Technology (Huizhou) Co., Ltd. (CF)	HHL's subsidiary
Compeq Manufacturing (Chongqing) Co., Ltd. (CQ)	HHL's subsidiary
Hong Kong Huaton Holdings Trading Company Limited (HHK)	HHL's subsidiary
Compeq Manufacturing (Suzhou) Co., Ltd. (CS)	CF's subsidiary
Hong Kong Compeq Huizhou Trading Company Limited (CHK)	CF's subsidiary
Huabo Technology (Huizhou) Co., Ltd. (HB)	CF's subsidiary
Directors, supervisors, general managers, vice general managers across the board	The Company's major management executives

(2) The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(A) Purchases

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 13,401,136	\$ 17,537,568

(a) The purchase prices were similar to those prices from other suppliers.

(b) The price of semi-finished products sold to the companies outside mainland China is determined according to the price agreed by both buyer and seller.

(B) Accounts payables

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 3,484,874	\$ 4,038,521

The payment terms were similar to those terms of other suppliers.

(C) Net revenue

	For the Years Ended December 31	
	2023	2022
Subsidiaries	\$ 338,048	\$ 834,893

The selling prices were based on the mutual agreement.

(D) Accounts receivable

	December 31, 2023	December 31, 2022
Subsidiaries	22,471	\$ 446,942

The collection terms were similar to those terms to other customers.

(E) Other receivables

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 2,473,114	\$ 1,711,327

The other receivables were loans to related parties, compensation income, Premium income and advance payment. As of December 31, 2023 and 2022, the loans to related parties were \$2,302,875 thousand and \$1,474,080 thousand, respectively.

(F) Other payables

	December 31, 2023	December 31, 2022
Subsidiaries	\$ —	\$ 2,126

The other payables were the purchase of equipment.

(G) Unearned receipts

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 1,829	\$ —

(H) Disposal of property, plant and equipment

	For the Year Ended December 31			
	2023		2022	
	Disposal amount	Disposal gains (losses)	Disposal amount	Disposal gains (losses)
Subsidiaries	\$ 6,826	\$ 1,615	\$ 5,079	\$ 1,903

The selling prices were based on the mutual agreement.

(I) Other income

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 310,673	\$ 393,021

Other revenues mainly refer to the income from patent authorization and technical use, advance payments, loans to related parties of interest income, and compensation, of which the payment is made according to the terms of both parties' cooperation contract.

(J) Miscellaneous disbursements

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 119,630	\$ 17,204
Primarily loss on indemnity		

(K) Guaranties on the bank credit

Limits on Endorsement/Guarantee amount as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 13,924,718 (US\$ 453,500 thousand)	\$ 16,844,435 (US\$ 548,500 thousand)

(L) The Company goes to the material processing to CC, CF and CQ were through PCI and CHK, the related income and cost were reversed in the statement of income.

(M) Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 98,442	\$ 81,002
Post-employment benefits	12,189	11,329
Total	\$ 110,631	\$ 92,331

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

Items	Purpose	Book Value	
		December 31, 2023	December 31, 2022
Restricted time deposits (shown as other current financial assets)	Performance bond	\$ 10,174	\$ 10,055
Property, plant and equipment	Long-term borrowings	788,409	850,923

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS.

(1)

	December 31, 2023		December 31, 2022	
	NT	46,694 thousand	NT	17,811 thousand
The balance of the Company's	US\$	— thousand	US\$	743 thousand
LC amounts	JP¥	1,042 thousand	JP¥	5,473 thousand
	EUR€	24 thousand	EUR€	53 thousand

(2) Unrecognized capital expenditure of the contracts has been signed for the purchase of equipment were as follows:

	December 31, 2023		December 31, 2022	
Payable on equipment	NT	244,967 thousand	NT	214,869 thousand

(3) Guarantee repayment to the financial institution for the amount of the borrowings were as follows:

	December 31, 2023		December 31, 2022	
HHL	US\$	3,500 thousand	US\$	3,500 thousand
PCI	US\$	108,000 thousand	US\$	123,000 thousand
CC	US\$	—	US\$	40,000 thousand
CS	US\$	5,000 thousand	US\$	5,000 thousand
CF	US\$	90,000 thousand	US\$	210,000 thousand
CQ	US\$	230,000 thousand	US\$	150,000 thousand
HB	US\$	17,000 thousand	US\$	17,000 thousand

10. SUBSEQUENT LOSSES: None.

11. SUBSEQUENT EVENTS: None.

12. OTHER

(1) CAPITAL MANAGEMENT

The Company plans its working capital (including R&D expenses and debt liquidation, etc.) required for the future in accordance with the characteristics currently existing in its industry and its future development status while it also considers the changes in the external environment, so as to ensure its sustainable operations. In so doing, the Company will be able to concurrently protect the interests of its shareholders and other related parties, maintain the optimal capital structure, and elevate the stockholder value. As a whole, the Company adopts a prudent risk management strategy.

(2) FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Amortized cost				
Cash and cash equivalents	\$ 5,020,001	\$ 5,020,001	\$ 5,568,004	\$ 5,568,004
Notes and accounts receivables	7,234,690	7,234,690	8,829,973	8,829,973
Other receivables	2,558,945	2,558,945	1,791,229	1,791,229
Other current financial assets	2,260,174	2,260,174	1,804,175	1,804,175
Refundable deposits (including current)	42,398	42,398	34,930	34,930
Total	<u>\$17,116,208</u>	<u>\$17,116,208</u>	<u>\$18,028,311</u>	<u>\$18,028,311</u>
<u>Financial liabilities</u>				
Amortized cost				
Notes and accounts payable	\$ 6,614,673	\$ 6,614,673	\$ 6,601,838	\$ 6,601,838
Other payables	2,281,116	2,281,116	3,242,657	3,242,657
Long-term borrowings (including current portion)	5,408,916	5,408,916	5,000,000	5,000,000
Guarantee deposits (including current)	42,100	42,100	37,042	37,042
Total	<u>\$14,346,805</u>	<u>\$14,346,805</u>	<u>\$14,881,537</u>	<u>\$14,881,537</u>

(B) Financial risk management objectives

The currency risk, interest rate risk, credit risk and liquidity risk related to management and operation activities are the target of the Company's financial risk management. The Company has devoted its efforts to recognizing, assessing and hedging market uncertainty in an attempt to reduce the potential adverse influence of market change on the Company's financial performance.

The Company's major financial activities have all been re-checked by its board of directors in accordance with the related regulations and internal control system. During the financial plan execution period, the Company has to strictly follow the financial operation procedures related to overall financial risk management and accrual basis.

(C) Market risk

The Company is exposed to the market risks arising from changes in foreign exchange rates, interest rates and the prices in equity investments, and utilizes some derivative financial instruments to reduce the related risks.

(a) Foreign currency risk

Most of the Company's operating activities and investment in foreign are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative shore-term borrowing and financial instruments, including currency forward contracts and cross currency swaps, to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity of the derivative financial instruments engaged by the Company is all less than six months, which does not meet the terms for accounting hedge.

For the sensitivity analysis of the foreign currency risk, the calculation is made according to the foreign currency items listed at the financial reporting closing date. When the NT dollar appreciates or depreciates 1% against a foreign currency, the Company's net profit or loss in 2023 and 2022 will increase or decrease by \$68,416 thousand and \$100,991 thousand respectively.

(b) Interest rate risk

Interest rate risk refers the risk caused by the change in the fair value of financial instruments as a result of change of the market interest rate. The Company's interest rate risk mainly comes from its mid-and long-term loans and the floating of the interest rates for the income investments with a fixed or floating interest rate

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of the bank loan and the floating interest rate at the final day of the financial report period, and a quarter's effect is assumed to be held. If the interest rate increased or decreased by 1%, the Company's profit or loss as of December 31, 2023 and December 31, 2022 would increase or decrease \$28 thousand and \$217 thousand respectively.

(D) Credit risk management

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

(a) Business related credit risk

In order to maintain its quality of accounts receivable, the Company has set up its operation related credit risk management procedure.

The individual customer risk assessment covers the factors of an individual customer's financial status and credit rating agency's ratings, the Company's internal credit ratings and historical transaction records and current economic status, etc. which may affect customer's solvency capacity. In addition, the Company will also use some credit enhancement instruments, such as purchase prepayment and credit insurance, etc., at an appropriate time to reduce the credit risk of some specific customers.

As of December 31, 2023 and 2022, the Company's ten largest customers accounted for 75% and 78% of notes and accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(b) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's financial department. The Company's transaction counterparts and contract performance parties are the financial institutions with good credit, and the Company has diversified its risk by dealing with multiple financial institutions, so there shall be no significant credit risk caused by too much concentration on some financial institutions and no significant doubt about contract performance. As such, the Company shall have no material credit risk.

(E) Liquidity risk management

The purpose of the Company's management of liquidity risk is to maintain the cash and cash equivalents, high liquidity securities and enough bank financing facilities required for business operations, so as to ensure sufficiency of the Company's financial flexibility.

(a) The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principles and interests.

December 31, 2023					
	Less Than 1 year	2-3 year	4-5 year	Over 6 years	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 6,614,673	\$ —	\$ —	\$ —	\$ 6,614,673
Other payable	2,281,116	—	—	—	2,281,116
Lease liabilities	32,826	37,645	17,680	51,980	140,131
Long-term borrowings	903,251	1,355,665	2,545,000	605,000	5,408,916
Guarantee deposits	42,100	—	—	—	42,100
Total	<u>\$ 9,873,966</u>	<u>\$ 1,393,310</u>	<u>\$ 2,562,680</u>	<u>\$ 656,980</u>	<u>\$ 14,486,936</u>

December 31, 2022					
	Less Than 1 year	2-3 year	4-5 year	Over 6 years	Total
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 6,601,838	\$ —	\$ —	\$ —	\$ 6,601,838
Other payable	3,242,657	—	—	—	3,242,657
Lease liabilities	29,377	42,044	21,602	60,820	153,843
Long-term borrowings	391,084	1,615,166	2,993,750	—	5,000,000
Guarantee deposits	37,042	—	—	—	37,042
Total	<u>\$ 10,301,998</u>	<u>\$ 1,657,210</u>	<u>\$ 3,015,352</u>	<u>\$ 60,820</u>	<u>\$ 15,035,380</u>

(b) Bank credit limit

	December 31, 2023	December 31, 2022
Secured bank general credit limit		
Total	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Unsecured bank general credit limit		
Total	<u>\$ 13,207,528</u>	<u>\$ 11,068,220</u>

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments carried at amortized cost

Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities carried at amortized cost recognized in the parent company only financial statements approximate their fair values.

B. Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- a. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes interest rate futures contracts, publicly traded stocks, money market funds, government bonds, agency bonds and corporate bonds).
- b. Forward exchange contracts are measured using quoted forward exchange rates.
- c. The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

C. Fair value measurements recognized in the parent company only balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- a. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; active market refers to the market meeting the terms below: the products traded in the market are in homogeneity; buyers and sellers with trading intention are available in the market and the price information is open to the public.
- b. Level 2 fair value measurements are those derived from 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
- c. 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).

D. Financial assets and liabilities measured at fair value on a recurring basis

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis:

- a. For assets and liabilities held as of December 31, 2023 and 2022 that are measured at fair value on a recurring basis, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

b. There were no purchases and disposals for assets on Level 3 for the years ended December 31, 2023 and 2022, respectively.

(4) SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN

CURRENCIES

A. The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023			
	Foreign currencies (In thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 399,406	30.705	\$ 12,263,754
JPY	1,073,249	0.2172	233,110
CNY	4,394	4.327	19,012
<u>Financial liabilities</u>			
Monetary items			
USD	184,778	30.705	5,673,610
CNY	680	4.327	2,942
December 31, 2022			
	Foreign currencies (In thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 506,624	30.71	\$ 15,558,418
JPY	1,174,796	0.2324	273,023
CNY	64,898	4.408	286,072
<u>Financial liabilities</u>			
Monetary items			
USD	190,422	30.71	5,847,855
JPY	725,259	0.2324	168,550
HKD	488	3.938	1,923
CNY	2,124	4.408	9,360

B. Since the Company has numerous categories of foreign currency transactions, there is no way for it to disclose the details according to respective major currencies. As such, the information on exchange gain or loss of currency items is disclosed in a way of summarization. For the Company's exchange gains and losses, the realized profit was \$56,405 thousand and unrealized loss was \$118,109 thousand in 2023, respectively, whereas the realized profit was \$448,376 thousand and unrealized loss was \$42,837 thousand in 2022, respectively.

13. ADDITIONAL DISCLOSURES

The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(1) Information on significant transactions:

- A. Financing provided to others: Please see Table 1 attached;
- B. Endorsements/guarantees provided: Please see Table 2 attached;
- C. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 3 attached;
- D. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None;
- E. Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Please see Table 4 attached;
- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 to Table 5-1 attached;
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 6 attached;
- I. Trading in derivative instruments: Please see Note 12(2) attached;
- J. Other: None.

(2) Information on investees:

- A. Significant transactions information: Please see Table 1 to Table 6 and Table 8 attached;
- B. Names, locations, and related information of investees over which The Company exercises significant influence: Please see Table 7 attached;

(3) Information on investment in Mainland China:

- A. 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 8 attached.
- B. 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 1 to Table 6 and Note 8.

(4) Information of major shareholder:

No shareholders hold more than 5% shares.

TABLE 1

FINANCING PROVIDED

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
0	Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Other receivables	Yes	\$ 3,070,500 US\$ 100,000	\$ 3,070,500 US\$ 100,000	\$ 1,535,250 US\$ 50,000	5.300%	2	—	Operating capital and Repayments of bank borrowings	—	—	—	\$ 15,701,028	\$ 15,701,028
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Other receivables	Yes	\$ 1,228,200 US\$ 40,000	\$ 614,100 US\$ 20,000	\$ 153,525 US\$ 5,000	6.005%	2	—	Operating capital	—	—	—	\$ 15,701,028	\$ 15,701,028
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Other receivables	Yes	\$ 921,150 US\$ 30,000	\$ 921,150 US\$ 30,000	None	—	2	—	Operating capital and Repayments of bank borrowings	—	—	—	\$ 15,701,028	\$ 15,701,028
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Other receivables	Yes	\$ 3,070,500 US\$ 100,000	\$ 3,070,500 US\$ 100,000	\$ 614,100 US\$ 20,000	5.310%	2	—	Operating capital and Repayments of bank borrowings	—	—	—	\$ 15,701,028	\$ 15,701,028
0	Compeq Manufacturing Co., Ltd.	COMPEQ (Thailand) Co., Ltd.	Other receivables	Yes	\$ 1,535,250 US\$ 50,000	\$ 1,535,250 US\$ 50,000	None	—	2	—	Operating capital	—	—	—	\$ 15,701,028	\$ 15,701,028

Note 1 : The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : The nature for financing is coded as follows:

1. Business relationship is coded "1".
2. Short-term financing is coded "2".

Note 3 : The counter-party that was directly and indirectly holds more than 67% of the voting shares and controlling, the limit of financing amount for individual counter-party shall not exceed 40% of the lender's net asset value as of the period. Limit of total financing amount shall not exceed 40% of the Company's net asset value.

TABLE 2

ENDORSEMENTS / GUARANTEES PROVIDED

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

No. (Note 1)	Endorsement / Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party (Note 4)	Maximum Balance for the Period (US\$ in Thousands)	Ending Balance (US\$ in Thousands)	Amount Actually Draw (US\$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement / Guarantee Amount Allowable (Note 5)	Guarantee Provided by Parent Company (Note 6)	Guarantee Provided by A Subsidiary (Note 6)	Guarantee Provided to Subsidiaries in Mainland China (Note 6)
		Name	Nature of Relationship (Note 2)										
0	Compeq Manufacturing Co., Ltd.	HUATON HOLDINGS LIMITED	2	\$ 23,551,541	\$ 107,468 US\$ 3,500	\$ 107,468 US\$ 3,500	\$ — US\$ —	None	—	\$ 47,103,083	Y	—	—
0	Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	2	\$ 23,551,541	\$ 3,776,715 US\$ 123,000	\$ 3,316,140 US\$ 108,000	\$ 29,876 US\$ 973	None	8%	\$ 47,103,083	Y	—	—
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	2	\$ 23,551,541	\$ 1,228,200 US\$ 40,000	\$ — US\$ —	\$ — US\$ —	None	—	\$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	2	\$ 23,551,541	\$ 153,525 US\$ 5,000	\$ 153,525 US\$ 5,000	\$ — US\$ —	None	—	\$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	2	\$ 23,551,541	\$ 6,448,050 US\$ 210,000	\$ 2,763,450 US\$ 90,000	\$ 2,077,592 US\$ 67,663	None	7%	\$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	2	\$ 23,551,541	\$ 7,062,150 US\$ 230,000	\$ 7,062,150 US\$ 230,000	\$ 2,149,350 US\$ 70,000	None	18%	\$ 47,103,083	Y	—	Y
0	Compeq Manufacturing Co., Ltd.	Huabo Technology (Huizhou) Co., Ltd.	2	\$ 23,551,541	\$ 521,985 US\$ 17,000	\$ 521,985 US\$ 17,000	\$ 203,329 US\$ 6,622	None	1%	\$ 47,103,083	Y	—	Y
1	Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	4	\$ 5,493,312 US\$ 178,906	\$ 4,206,585 US\$ 137,000	\$ 4,206,585 US\$ 137,000	\$ 1,457,966 US\$ 47,483	None	11%	\$ 9,155,520 US\$ 298,177	—	—	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded “0”.
2. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: According to the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

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

Note 3: The calculation method and the ceiling amount shall be indicated. If there are contingent losses recognized in financial statements, the recognized amounts shall be indicated.

Note 4: 10% of the net value shown in its latest financial statement. However, for any single enterprise where the Company directly or indirectly holds more than 90% of its voting shares, the amount shall not exceed 60% of the net value shown in the Company’s latest financial statement. The amount for a single enterprise shall not exceed 20% of the net value shown in the Company and its subsidiaries’ latest financial statement. Nevertheless, if the Company directly or indirectly holds more than 90% of the single enterprise’s voting shares, the amount shall be no more than 70% of the net value shown in the Company’s latest financial statement. 10% of the net value shown in its latest financial statement of Comeq Manufacturing (Huizhou) Co., Ltd, if the Company directly or indirectly holds more than 90% of the single enterprise’s voting shares, the amount shall be no more than 60% of the net value shown in the Company’s latest financial statement.

Note 5: One and two times as much as the net value shown in the Company’s latest financial statement; one and a half times as much as the net value shown in the Company and its subsidiaries’ latest financial statement. Two time as much as the net value shown in the Comeq Manufacturing (Huizhou) Co., Ltd.’s latest financial statement.

Note 6: Under the circumstance where the TSE or OTC listed parent company endorses or guarantees its subsidiaries, the subsidiary endorses or guarantees its TSE or OTC listed parent company or the endorsement and guarantee is made in mainland China, “Y” shall be filled in.

TABLE 3

MARKETABLE SECURITIES HELD

Amounts in Thousands of New Taiwan Dollars.

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Hua Nian Investment Ltd.	<u>Stock</u>							
	JIH LIN TECHNOLOGY CO., LTD.	None	Financial assets at fair value through profit or loss current	285,000	\$ 20,520	0.28%	\$ 20,520	
	XAVi Technologies Corporation	"	"	508,000	19,126	0.66%	19,126	
	CoreMax Corporation	"	"	377,000	29,481	0.32%	29,481	
	E-LEAD ELECTRONIC CO., LTD.	"	"	188,000	12,220	0.15%	12,220	
	Lanner Electronics Inc.	"	"	378,760	42,610	0.26%	42,610	
	ALLIED CIRCUIT CO., LTD.	"	"	48,000	7,440	0.09%	7,440	
	Co-Tech Development Corporation	"	"	78,000	4,727	0.03%	4,727	
	Taiwan Union Technology Corporation	"	"	138,000	17,388	0.05%	17,388	
	Cathay U.S. Treasury 2at Year Band ETF	"	"	517,000	16,446	—	16,446	
	Lian Hong Art Co., Ltd.	"	"	331,094	8,496	0.87%	8,496	
	Ubiquconn Technology Inc.	"	"	85,000	5,387	0.11%	5,387	
	nFore Technology Co., LTD.	"	"	519,191	28,369	1.48%	28,369	
	AutoSys Co., Ltd.	"	Financial assets at fair value through other comprehensive income-noncurrent	2,000,000	13,444	6.50%	13,444	

Note: Excluding subsidiaries.

TABLE 4

ACQUISITION OF REAL ESTATE REACHING NT\$300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

Amounts in Thousands of New Taiwan Dollars

Real estate acquired by	Real estate acquired	Date of event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
COMPEQ (Thailand) Co., Ltd.	Samut Parkan Province, Bang Bo District, Asia Industrial Estate in Thailand	April 26, 2023	\$ 867,665	Paid in full	ASIA INDUSTRIAL ESTATE CO., LTD.	—	—	—	—	\$ —	Reference to the land appraisal report issued by Bungkook Property Appraisal Co., Ltd., the board of Directors will make a decision after negotiation	Constructing factory buildings	—

TABLE 5

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relation ships	Transaction Details				Details of non-arm's length transaction		Notes and Accounts receivable (payable)		Note
			Purchases/ Sales	Amount (Foreign Currencies in Thousands)	Percentage of total purchases (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	Percentage of total receivables (payable)	
Compeq Manufacturing Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Purchases	\$ 12,091,343	65%	60~90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	\$ 3,133,066	47%	
Compeq Manufacturing Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Purchases	1,314,726	6%	60~90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	304,945	5%	
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	Purchases	416,645	2%	60~90 days	The purchase price are similar to those price from other supplies	Similar to those price from other supplies	46,863	1%	1
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Subsidiary	Sales	141,234	—	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	4,856	—	1
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	Sales	190,418	1%	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	—	—	1

TABLE 5-1

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relationships	Transaction Details				Details of non-arm's length transaction		Notes and Accounts receivable (payable)		Note
			Purchases/Sales	Amount (Foreign Currencies in Thousands)	Percentage of total purchases (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Foreign Currencies in Thousands)	Percentage of total receivables (payable)	
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	Sales	US\$ 7,680	2%	90~120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ 3,486	4%	1
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	Purchases	US\$ 4,281	2%	90~120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ —	—	1
Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Sales	US\$ 163,561	43%	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ 23,402	29%	
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	Purchases	US\$ 97,534	44%	90~120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ 42,663	33%	1
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	Sales	US\$ 14,156	4%	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ —	—	1
Compeq Manufacturing (Suzhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Sales	US\$ 57,941	57%	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ 12,266	50%	
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Sales	US\$ 717,753	86%	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ 213,330	82%	1
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Subsidiary	Purchases	US\$ 6,269	2%	60~90 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ —	—	1
Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	Sales	US\$ 221,485	71%	90~120 days	The selling prices were based on the mutual agreement	Similar to those price from other supplies	US\$ 79,021	65%	

Note 1: As agreed by both parties, the settlement of accounts receivables and accounts payable was finalized in accordance with the net amount at the end of the period.

TABLE 6

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Company Name	Related Party	Nature of Relationships	Ending Balance (Foreign Currencies in Thousands)	Turnover rate	Overdue receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Suzhou) Co., Ltd.	Subsidiary	\$ 157,438	(Note 1)	None	None	\$ 3	—
Compeq Manufacturing Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	\$ 1,608,741	(Note 1)	None	None	\$ 1,608,741	—
Compeq Manufacturing Co., Ltd.	Compeq Manufacturing (Chongqing) Co., Ltd.	Subsidiary	\$ 645,588	(Note 1)	None	None	\$ 645,588	—
PELICAN COVE INVESTMENT LTD.	Compeq Manufacturing Co., Ltd.	Parent company	US\$ 102,428	3.40	None	None	US\$ 67,111	—
Compeq Manufacturing (Huizhou) Co., Ltd.	Compeq Technology (Huizhou) Co., Ltd.	Subsidiary	US\$ 3,486	2.85	None	None	US\$ 1,337	—
Compeq Manufacturing (Huizhou) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	US\$ 23,402	6.34	None	None	US\$ 23,402	—
Compeq Manufacturing (Suzhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Co., Ltd.	Subsidiary	US\$ 12,266	3.45	None	None	US\$ 9,902	—
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Co., Ltd.	Subsidiary	US\$ 213,330	3.74	None	None	US\$ 151,000	—
Compeq Manufacturing (Chongqing) Co., Ltd.	Compeq Manufacturing (Huizhou) Co., Ltd.	Subsidiary	US\$ 42,663	2.98	None	None	US\$ 25,031	—
Compeq Manufacturing (Chongqing) Co., Ltd.	PELICAN COVE INVESTMENT LTD.	Subsidiary	US\$ 79,021	2.07	None	None	US\$ 44,257	—
Hong Kong Compeq Huizhou Trading Co., Ltd.	Compeq Manufacturing Co., Ltd.	Parent company	US\$ 9,931	5.45	None	None	US\$ 9,927	—

Note 1 : The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

TABLE 7

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

(EXCLUDING INFORMATION OF INVESTMENT MAINLAND CHINA)

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment		Balance as of December 31, 2023			Net Income (Losses) of the Investee (Foreign Currencies in Thousands)	Shares of Profits/Losses of Investee (Foreign Currencies in Thousands)	Notes
				December 31, 2023 (Foreign Currencies in Thousands)	December 31, 2022 (Foreign Currencies in Thousands)	Shares	Percentage of ownership	Carrying value (Foreign in Thousands)			
Compeq Manufacturing Co., Ltd.	HUATON HOLDINGS LIMITED	BVI	Investment (Indirectly investment in Mainland China)	\$ 3,771,004	\$ 3,771,004	240,886,000	100.00%	\$ 27,975,453	\$ 629,058 US\$ 19,444	\$ 649,300 (Note 1)	Subsidiary
	PELICAN COVE INVESTMENT LTD.	SAMOA	Trading	559,685	559,685	17,700,000	100.00%	752,889	\$ 15,105 US\$ 530	\$ 15,105	Subsidiary
	Hua Nian Investment Ltd.	TAIWAN	General investing	250,000	250,000	30,000,000	100.00%	333,630	\$ 47,586	\$ 47,586	Subsidiary
	LITON HOLDINGS LIMITED	BVI	Investment (Indirectly investment in Mainland China)	168,250	168,250	100,000	100.00%	1,268	\$ (91) US\$ 3	\$ (91)	Subsidiary
	COMPEQ (Thailand) Co., Ltd.	THAILAND	PCB manufacturing and sales	1,694,112	—	187,500,000	100.00%	1,689,409	\$ (1,275) THB (1,418)	\$ (1,275)	Subsidiary
HUATON HOLDINGS LIMITED	Hong Kong Huaton Holdings Trading Company Limited	Hong Kong	Trading	\$ 9,212 US\$ 300	\$ 9,212 US\$ 300	—	100.00%	\$ 7,440 US\$ 242	\$ 250 US\$ 8	(Note 2)	Subsidiary
Compeq Technology (Huizhou) Co., Ltd.	Hong Kong Compeq Huizhou Trading Company Limited	Hong Kong	Trading	\$ 8,206 US\$ 267	\$ 8,206 US\$ 267	—	100.00%	\$ 333,588 US\$ 10,864	\$ 77,608 US\$ 2,436	(Note 2)	Subsidiary

Note 1: The investment profits and losses recognized in the current period include the recognition and deletion of realized and unrealized profits and losses.

Note 2: The current period profit and loss of the investee company were already included in the investment company's income statement, so they are not separately presented.

Note 3: The current period profit and loss of the investee company and the investment profit and loss recognized in the current period by the investee company are converted in accordance with the average exchange rate, while other profits and losses are converted according to the exchange rate at the end of the period.

TABLE 8

INFORMATION ON INVESTMENT IN MAINLAND CHINA

1.

Amounts in Thousands of New Taiwan Dollars and Foreign currencies in Thousands

Investee Company	Main Businesses and products	Total Amount of paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outflow of Investment January 1, 2023 (US\$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (US\$ in Thousands)	Net income (loss) of investee company	Percentage of Ownership	Shares of profits/Losses (Note 2)	Carrying Amount (US\$ in Thousands) as of December 31, 2023 (US\$ in Thousands)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Compeq Manufacturing (Huizhou) Co., Ltd.	PCB manufacturing and sales	\$ 4,518,944 CNY\$ 1,042,301	(Note 1)	\$ 1,535,250 US\$ 50,000	—	—	\$ 1,535,250 US\$ 50,000	\$ 64,440 CNY\$ 14,657	100%	\$ 64,104 US\$ 1,932	\$ 9,161,885 US\$ 298,384	—
Compeq Manufacturing (Suzhou) Co., Ltd.	PCB manufacturing and sales	\$ 396,156 CNY\$ 91,374	(Note 2)	\$ 337,755 US\$ 11,000	—	—	\$ 337,755 US\$ 11,000	\$ 43,798 CNY\$ 9,933	100%	\$ 43,798 US\$ 1,395	\$ 1,179,002 US\$ 38,398	—
Compeq Technology (Huizhou) Co., Ltd.	PCB manufacturing and sales	\$ 5,551,883 CNY\$ 1,280,550	(Note 1)	\$ 1,473,840 US\$ 48,000	—	—	\$ 1,473,840 US\$ 48,000	\$ 626,302 CNY\$141,546	100%	\$ 626,808 US\$ 19,499	\$ 11,300,384 US\$ 368,031	—
Compeq Manufacturing (Chongqing) Co., Ltd.	PCB manufacturing and sales	\$ 2,308,200 CNY\$532,390	(Note 1)	—	—	—	—	\$ 96,739 CNY\$ 21,449	100%	\$ 96,739 US\$ 2,946	\$ 10,132,445 US\$ 329,993	\$ 1,612,179 US\$ 52,018
Huabo Technology (Huizhou) Co., Ltd.	Electronic manufacturing 、 Outsourcing processing 、 Plant lease 、 Property management 、 Equipment leasing and electronic technology management and technical consulting	\$ 1,256,182 CNY\$289,740	(Note 3)	—	—	—	—	\$ 15,916 CNY\$ 3,611	100%	\$ 15,916 US\$ 512	\$ 1,383,762 US\$ 45,006	—

Accumulated Investment in Mainland China as of December 31, 2023 (US\$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment (US\$ in Thousands)
\$ 3,779,478 [US\$ 123,090]	\$ 10,653,130 [US\$ 346,951]	\$ — (Note 6)

Note 1: Indirectly investment in Mainland China through the HUATON HOLDINGS LIMITED registered in a third region.

Note 2: Originally indirectly investment in Mainland China through the HUATON HOLDINGS LIMITED registered in a third region. In April 2020, investment in Mainland Company through an investment company in mainland China.

Note 3: Investment in Mainland Company through an investment company in Mainland China.

Note 4: The investment income (loss) recognized in current period adopted the financial statement certificated by the CPA of the parent company in Taiwan.

Note 5: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date. (US\$1:NT\$30.705, US\$1:NT\$31.66, CNY\$1:NT\$4.3355 CNY\$1:NT\$4.4356)

Note 6: The Company already received the letter of corporate operation headquarters establishment issued by Industrial Development Bureau, MOEA, and the approval period has been from March 14, 2023 to March 13, 2026. It could be exempt from the restriction on investment amounts or ratios.

2.

The Company invested resolution	Investment Amounts		Investment Amounts	Indirectly Investment in Mainland China	
	Approved Number	Authorized Amounts		Investment outflow	Purpose
HUATON HOLDINGS LIMITED	1995/09/29-(84)-84015347	US\$ 20,000,000	US\$ 20,000,000	US\$ 20,000,000	Indirectly investment Compeq Manufacturing (Huizhou) Co., Ltd.
"	1997/07/14-(86)-86721040	US\$ 30,000,000	US\$ 30,000,000	US\$ 30,000,000	"
"	1997/09/18-(86)-86736526	US\$ 5,400,000	US\$ 5,400,000	US\$ 5,400,000	Indirectly investment PEWC (Guangzhou) Co., Ltd. and achieved 45% stake.
"	2001/07/27-(90)-90022765	US\$ 5,400,000	US\$ 3,390,000	US\$ 1,890,000	"
"	2004/02/13-093003687	US\$ (1,920,000)	US\$ —	US\$ (1,296,000)	Reduce investment PEWC (Guangzhou) Co., Ltd. and achieved 8% stake.
"	2004/04/23-093010705	US\$ 2,900,000	US\$ 2,900,000	US\$ 2,900,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
"	2004/06/23-093015571	US\$ 9,500,000	US\$ 9,500,000	US\$ 9,500,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
"	2005/02/23-094001762	US\$ 4,100,000	US\$ 4,100,000	US\$ 4,100,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
"	2006/03/31-09500069340	US\$ 8,500,000	US\$ 8,500,000	US\$ 8,500,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
"	2006/03/31-09500069390	US\$ 7,000,000	US\$ 4,000,000	US\$ 4,000,000	Indirectly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
"	2011/03/25-10000119020	US\$ (3,000,000)	US\$ —	US\$ —	Reduce investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
"	2006/07/20-09500220150	US\$ 290,000	US\$ 290,000	US\$ —	Directly investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
"	2006/12/27-09500445960	US\$ 1,000,000	US\$ 210,000	US\$ 210,000	Indirectly investment Veceration Co., Ltd.
"	2009/07/24-09800263470	US\$ (790,000)	US\$ —	US\$ —	Reduce investment Veceration Co., Ltd.
"	2007/01/22-09600008530	US\$ 2,886,000	US\$ 2,886,000	US\$ 2,886,000	Indirectly investment PEWC (Guangzhou) Co., Ltd.
"	2011/03/28-10000119030	US\$ 7,000,000	US\$ 7,000,000	US\$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.

The Company invested resolution	Investment Amounts		Investment Amounts	Indirectly Investment in Mainland China	
	Approved Number	Authorized Amounts		Investment outflow	Purpose
"	2012/03/30-10100019840	US\$ 45,000,000	US\$ 45,000,000	US\$ —	Directly investment Compeq Manufacturing (Chongqing) Co., Ltd.
"	2012/05/25-10199165700	US\$ 15,000,000	US\$ 15,000,000	US\$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.
"	2014/02/27-10200494220	US\$ 50,000,000	US\$ 40,000,000	US\$ —	Directly investment Compeq Manufacturing (Chongqing) Co., Ltd.
"	2015/03/31-10300357540	US\$ 30,000,000	US\$ 30,000,000	US\$ —	Directly investment Compeq Technology (Huizhou) Co., Ltd.
"	2017/07/06-10600111220	US\$ 15,000,000	US\$ 15,000,000	US\$ —	Directly investment Compeq Manufacturing (Huizhou) Co., Ltd.
"	2018/01/31-10600349330	US\$ 33,710,000	US\$ —	US\$ —	Directly investment Compeq Manufacturing (Suzhou) Co., Ltd.
"	2018/04/02-10600349320	US\$ 60,000,000	US\$ 30,000,000	US\$ 30,000,000	Indirectly investment Compeq Technology (Huizhou) Co., Ltd.
"	2020/04/27-10900057020	US\$ (33,710,000)	US\$ —	US\$ —	Reduce investment Compeq Manufacturing (Suzhou) Co., Ltd. (Note 1)
"	2020/04/27-10900057020	US\$ 39,974,508	US\$ 11,290,000	US\$ 11,000,000	Transferred the 100% equity of Compeq Manufacturing (Suzhou) to increase investment Compeq Technology (Huizhou) Co., Ltd. (Note 2)
LITON HOLDINGS LIMITED	2007/04/24-09600111850	US\$ 5,000,000	US\$ 5,000,000	US\$ 5,000,000	Indirectly investment Victor (Chang shu) Co., Ltd.

Note 1: In April 2020, the shares of Compeq Manufacturing (Suzhou) Co., Ltd. has been transferred 100% to Compeq Technology (Huizhou) Co., Ltd. The Originally investment amount authorized by Investment Commission, MOEA, will not included in the calculation of the company's total investment in mainland China.

Note 2: The investment amount authorized by Investment Commission, MOEA, includes US\$28,654,508 of the capital increase by retained earnings from Compeq Manufacturing (Suzhou) Co., Ltd.

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

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ACCOUNTING ITEMS

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

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STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

STATEMENT 1

Item	Description	Amount
Cash on hand		\$ 4,250
NTD		2,762
USD	US\$ 12,792.00	393
CNY	CNY 73,939.00	320
Petty cash		220
Others	The amount of individual item in others does not exceed 5% of the account balance	555
Checking accounts		21,715
Savings accounts		2,447,079
NTD		781,733
USD	US\$ 46,195,456.74	1,418,431
JPY	JPY\$ 1,073,107,622.77	233,079
Others	The amount of individual item in others does not exceed 5% of the account balance	13,836
Time deposits		2,224,675
NTD	Expiration date 01/09/2024~02/15/2024 Interest rates at 1.100%~1.390%	1,150,000
USD	Expiration date 01/09/2024~01/25/2024 Interest rates at 5.600%~5.780% US\$ 35,000,000	1,074,675
Repurchase Agreements of bonds		322,282
NTD	Expiration date 01/04/2024~01/11/2024 Interest rates at 1.000%~1.050%	322,282
Total		\$ 5,020,001

Exchange rate : US\$1 = NT\$30.705

CNY\$1 = NT\$4.327

JPY\$1 = NT\$0.2172

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

STATEMENT 2

Client Name	Description	Amount	Note
Third Parties			
Client A	US\$ 63,616,925.31	\$ 1,953,358	
Client B	US\$ 57,182,743.52	1,755,659	
Others	The amount of individual item in others does not exceed 5% of the account balance	3,597,215	
Subtotal		7,306,232	
Less: Allowance for doubtful accounts		(94,013)	
Third Parties, net		7,212,219	
Related Parties			
Compeq Manufacturing (Huizhou) Co., Ltd.	CNY 1,122,300.74	4,856	
Compeq Technology (Huizhou) Co., Ltd.	US\$ 9,617.44	296	
Compeq Manufacturing (Chongqing) Co., Ltd.	US\$ 564,050.71	17,319	
Subtotal		22,471	
Total		\$ 7,234,690	

Exchange rate : US\$1 = NT\$30.705 °

CNY\$1 = NT\$4.327 °

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2023

STATEMENT 3

Item	Description	Amount	Note
Interest Receivable		\$ 6,640	
Interest Receivable-related parties		103,208	
Income from scrap sales		42,986	
Advance payment-related parties		5,375	
Advance payment-non-related parties		245	
Compensation income-related parties		26,779	
Compensation income-non-related parties		255	
VAT and GST refund		34,641	
Advance payment payroll-related parties		28,196	
Endorsement guarantees interest- related parties		6,681	
Lending Funds to other-related parties		2,302,875	
Others		1,064	
Total		\$ 2,558,945	

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

STATEMENT 4

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw material		\$ 568,585	\$ 466,217	
Supplies		129,726	86,643	
Work in process		1,120,976	1,320,205	
Finished goods		1,068,540	846,562	
Goods		224,517	178,634	
Subtotal		3,112,344		
Less: allowance for loss		(621,552)		
Net		\$ 2,490,792		

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2023

STATEMENT 5

Item	Description	Amount	Note
Prepaid expense		\$ 52,693	
Prepaid insurance premiums		30,499	
Prepaid rents		1,528	
Prepaid maintenance		5,363	
Office supplies		441	
Prepaid utility		3,138	
Others		11,724	
Prepayment for purchases		155	
Net input VAT		31,974	
Total		\$ 84,822	

STATEMENT OF OTHER CURRENT FINANCIAL ASSETS

DECEMBER 31, 2023

STATEMENT 6

Item	Description	Amount	Note
Non-cash equivalent of time deposits	Expiration date 01/09/2024~04/09/2024 Interest rates at 1.150%~1.430%	\$ 2,250,000	
Restricted time deposits	Expiration date 09/29/2024 Interest rates at 1.575%	10,174	EPA deposit
Total		\$ 2,260,174	

STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31, 2023

STATEMENT 7

Item	Description	Amount	Note
Temporary		\$ 3,199	
Guarantee deposits paid Customs deposit	Customs deposit	25,450	
Total		\$ 28,649	

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 8

Name of Securities	As of January 1, 2023		Additions		Decrease		As of December 31, 2023			Fair value / Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (NT\$)	Total Amount		
HHL	240,886,000	\$27,785,193	—	\$ 668,228	—	\$ 477,968	240,886,000	100%	\$27,975,453	\$ 116.08	\$28,114,882	None	1
PCI	17,700,000	736,734	—	16,155	—	—	17,700,000	100%	752,889	42.54	752,889	None	2
Hua Nain Investment Ltd.	20,000,000	287,734	—	47,586	—	1,690	30,000,000	100%	333,630	11.12	333,630	None	3
LHL	100,000	1,359	—	—	—	91	100,000	100%	1,268	12.68	1,268	None	4
COMPEQ (Thailand) Co. Ltd.	—	—	187,500,000	1,694,112	—	4,703	187,500,000	100%	1,689,409	9.01	1,689,409	None	5
Total		\$28,811,020		\$ 2,426,081		\$ 484,452			\$30,752,649				

1. Including investment gain recognized under equity method amount to \$649,300 thousand, realized profit from disposal of equipment amount to \$4,913 thousand, increase realized profit from sales \$3,905 thousand, increase realized profit from patent income \$10,110 thousand and decrease unrealized profit from disposal of equipment \$1,615 thousand, decrease foreign currency statements translation adjustments amount to \$476,353 thousand.
2. Including investment gain recognized under equity method amount to \$15,104 thousand and increase foreign currency statements translation adjustments amount to \$1,051 thousand.
3. Including investment gain recognized under equity method amount to \$47,586 thousand and unrealized profit on instruments at fair value through comprehensive income amount to \$1,690 thousand.
4. Including investment loss recognized under equity method amount to \$91 thousand and decrease foreign currency statements translation adjustments amount to \$0 thousand.
5. Including capital increase to \$1,694,112 thousand , investment loss recognized under equity method amount to \$1,275 thousand and decrease foreign currency statements translation adjustments amount to \$3,428 thousand.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 9

Item	As of January 1, 2023	Additions	Decrease	As of December 31, 2023	Note
Land	\$ 16,450	\$ —	\$ —	\$ 16,450	
Buildings and structures	165,364	5,442	—	170,806	
Machinery and equipment	—	—	—	—	
Transportation equipment	13,483	15,234	—	28,717	
Total	\$ 195,297	\$ 20,676	\$ —	\$ 215,973	

STATEMENT OF RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 10

Item	As of January 1, 2023	Additions	Decrease	As of December 31, 2023	Note
Land	\$ 5,037	\$ 4,615	\$ —	\$ 9,652	
Buildings and structures	37,892	21,497	—	59,389	
Machinery and equipment	—	—	—	—	
Transportation equipment	3,207	7,106	—	10,313	
Total	\$ 46,136	\$ 33,218	\$ —	\$ 79,354	

STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2023

STATEMENT 11

Item	Description	Amount	Note
Guarantee deposits paid		\$ 16,948	
Rent of deposits		16,932	
Other deposits		16	
Deferred charges		1,379	
Electricity subsidy		1,379	
Total		\$ 18,327	

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2023

STATEMENT 12

Client Name	Description	Amount	Note
Third Parties		\$ 3,128,837	
Elite Material Co., Ltd.	(US\$ 25,331,233.01)	777,796	
Atotech Taiwan Limited	(Including US\$ 5,327,047.41)	165,888	
Hsien Horng Technology Co., Ltd.		154,959	
Isola Asia Pacific (Taiwan) Inc.	(US\$ 15,075,829.34)	462,903	
Wah Lee Industrial Corp (Taipei)		71,360	
Achiever Scientific Co., Ltd.	(US\$ 1,942,933.76)	59,658	
Taiwan Copper Foil Co., Ltd.	(US\$ 2,137,807.01)	65,641	
Kanematsu Taiwan Corporation	(Including US\$ 2,306,617.81)	71,025	
Others	The amount of individual item in others does not exceed 1% of the account balance	1,299,607	
Related Parties		3,484,874	
Pelican Cove Investment Ltd.	(US\$ 102,037,640.04)	3,133,066	
Hong Kong Compeq Huizhou Trading Company Limited	(US\$ 9,931,455.47)	304,945	
Compeq Manufacturing (Suzhou) Co., Ltd.	(US\$ 1,526,245.48)	46,863	
Total		\$ 6,613,711	

Exchange rate : US\$1 = NT\$30.705 °

STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2023

STATEMENT 13

Item	Description	Amount	Note
Payable on machinery and equipment		\$ 167,117	
Third parties		167,117	
Payable return		6,401	
Accrued expense		2,107,598	
Wages and salaries payable		129,973	
Annual bonuses payable		1,166,060	
Employee's compensation		108,062	
Pension expense payable		19,282	
Insurance expense payable		54,372	
Commission payable		38,534	
Interest payable		4,560	
Processing payable		155,516	
Maintenance payable		196,920	
Freight charge payable		54,776	
Professional service payable		900	
Employment security fees		12,538	
Office supplies payable		9,772	
Taxes payable		3,783	
Compensated absences		78,610	
Other payable		73,940	
Total		\$ 2,281,116	

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

STATEMENT 14

Item	Description	Lease Term	Discount Rate	Balance End of Year	Note
Land		2 to 3 years	1.450%~ 1.695%	\$ 4,138	
Buildings		3 to 15 years	1.420%~ 1.700%	108,391	
Transportation equipment		3 years	1.420%~ 1.620%	18,610	
Total				131,139	
Less: Current portion				(30,961)	
Noncurrent portion				\$ 100,178	

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2023

STATEMENT 15

Item	Description	Amount	Note
Temporary receipts		\$ 11,540	
Third Parties	Payment	11,540	
Receipts under custody		44,060	
Guarantee deposits received		42,100	
Refund liabilities		396,188	
Lease liabilities-current		30,961	
Total		\$ 524,849	

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

STATEMENT 16

Creditors	Description	Amount	Expiry Date	Collateral	Note
Chang Hwa Bank	Unsecured borrowings	\$ 106,250	05/15/2025		
Chang Hwa Bank	"	150,000	06/15/2025		
Mega International Commercial-Bank	"	54,000	06/15/2025		
E. Sun Bank	"	75,000	06/15/2025		
Bank of Taiwan	"	187,500	06/15/2025		
E. Sun Bank	"	79,167	07/15/2025		
Far Eastern International Bank	"	197,917	07/15/2025		
Mega International Commercial-Bank	"	57,000	07/15/2025		
Land Bank of Taiwan	"	277,082	07/15/2025		
Bank of Taiwan	"	175,000	09/15/2025		
Hwa Nan Bank	"	250,000	09/15/2026		
Taipei Fubon commercial Bank (Union loan)	"	2,000,000	08/29/2027		
First Bank	"	400,000	07/15/2028		
Land Bank of Taiwan	"	200,000	09/15/2028		
Taipei Fubon commercial Bank	"	300,000	09/15/2028		
Bank of Taiwan	"	200,000	10/15/2028		
Mega International Commercial-Bank	"	300,000	09/25/2030		
KGI Bank	"	200,000	09/25/2030		
Bank of Taiwan	"	200,000	12/01/2030		
Total		\$ 5,408,916			
Current		\$ (903,251)			
Noncurrent		\$ 4,505,665			

Note: Interest rates 1.200%~2.139%。

STATEMENT OF NET OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 17

Item	Shipments (Piece)	Amount	Note
PCB	8,097,168.72 SF	\$ 19,256,739	
PCB Goods	8,594,909.70 SF	14,630,396	
	21,319,703 QTY		
Goods		27,553	
Sales revenues		33,914,688	
Less: Sales returns	78,297.66 SF	(213,624)	
	491,145 QTY		
Sales discounts		(104,972)	
Net sales		33,596,092	
Other operating revenues		252,753	
Total		\$ 33,848,845	

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 18

Item	Amount	
	Subtotal	Total
Raw material		\$ 6,188,774
Balance, beginning of year	\$ 660,969	
Add: raw material purchased	6,245,821	
Less: raw material, end of year	(568,585)	
Consumables	(149,293)	
Scrapped	(138)	
Direct labor		1,708,356
Manufacturing expenses		6,521,387
Manufacturing cost		14,418,517
Add: work in process, beginning of year	1,139,580	
Less: work in process, end of year	(1,120,976)	
Unamortized fix manufacturing costs	(583,613)	
Transferred to research and development expenses	(213,698)	
Transferred to manufacturing operating expenses	(97,939)	
Cost of finished goods		13,541,871
Add: finished goods, beginning of year	1,253,636	
Overseas processing costs	(365,504)	
Less: finished goods, end of year	(1,068,540)	
Scrapped	(171,233)	
Transferred to manufacturing or operating expenses	(84,901)	
Cost of goods sold-PCB		13,105,329
Merchandise, beginning of the year	559,305	
Add: Merchandise purchased	14,077,127	
Less: Merchandise, end of the year	(224,517)	
Scrapped	(15)	
Cost of merchandise sold		14,411,900
Subtotal		27,517,229
Other operating cost		415,985
Provision for loss on inventories	5,544	
Loss on scrap of inventories	171,386	
Loss on sluggish of inventories	(59,838)	
Income from scrap sales	(284,719)	
Unamortized fix manufacturing costs	583,612	
Costs of goods sold		27,933,214
Other operating cost		31,823
By-product, beginning of the year	—	
Add: manufacturing expense	23,214	
Cost of goods sold-by-product	23,214	
Cost of raw material sold directly	8,609	
Total		\$ 27,965,037

STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 19

Item	Description	Amount		Note
		PCB	By-product	
Wages and salaries		\$ 1,686,484	\$ 501	
Rent expense		6,535	—	
Stationery supplies		3,217	—	
Traveling expenses		3,995	—	
Freight		40,196	—	
Postage expense		1,852	—	
Repair and maintenance expense		264,972	—	
Utilities expense		1,003,547	—	
Insurance expense		316,624	76	
Entertainment expense		2,242	—	
Donations		591	—	
Taxes		9,116	—	
Depreciation		1,406,932	14	
Amortizations		2,088	—	
Meal expense		45,469	—	
Employee benefits		124,205	32	
Training expense		1,909	—	
Consumables expense		845,772	—	
Commissioned processing fee		111,028	22,582	
Spare parts		456,354	—	
Miscellaneous purchase		7,799	—	
Professional service		3,189	1	
Others expense		177,271	8	
Total		\$ 6,521,387	\$ 23,214	

STATEMENT OF SALES AND MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 20

Item	Description	Amount	Note
Wages and salaries		\$ 137,885	
Rent expense		144	
Stationery supplies		31	
Traveling expenses		11,855	
Freight		155,637	
Postage expense		1,179	
Repair and maintenance expense		266	
Advertisement expense		84,901	
Utilities expense		658	
Insurance expense		15,427	
Entertainment expense		8,919	
Taxes		133	
Depreciation		5,435	
Amortizations		2	
Export loss		6,245	
Meal expense		836	
Employee benefits		3,674	
Commissions expense		42,125	
Spare parts		66	
Commissioned processing fee		40,568	
Others expense		17,471	
Total		\$ 533,457	

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 21

Item	Description	Amount	Note
Wages and salaries		\$ 178,170	
Rent expense		546	
Stationery supplies		973	
Traveling expenses		9,180	
Freight		1	
Postage expense		3,605	
Repair and maintenance expense		9,288	
Advertisement expense		73	
Utilities expense		913	
Insurance expense		22,033	
Entertainment expense		14,108	
Donations		4,251	
Taxes		283	
Depreciation		10,837	
Amortizations		5,030	
Meal expense		1,504	
Employee benefits		6,374	
Training expense		135	
Spare parts		5,214	
Professional service		4,092	
Others expense		22,022	
Total		\$ 298,632	

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 22

Item	Description	Amount	Note
Wages and salaries		\$ 549,285	
Rent expense		755	
Stationery supplies		233	
Traveling expenses		5,222	
Freight		131	
Postage expense		512	
Repair and maintenance expense		9,171	
Utilities expense		9,565	
Insurance expense		37,143	
Entertainment expense		1,723	
Taxes		705	
Depreciation		20,350	
Amortizations		1,886	
Meal expense		5,918	
Employee benefits		13,562	
Training expense		34	
Spare parts		953	
Professional service		2,574	
Commissioned processing fee		268	
Consumables expense		27,014	
Others expense		331,369	
Total		\$ 1,018,373	